

INDIA'S ARMIES AND THEIR COSTS

A CENTURY OF UNEQUAL IMPOSTS FOR AN ARMY OF OCCUPATION AND A MERCENARY ARMY

By

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Dedicated
to that imperishable spirit of patriotism,
symbolised by
NETAJI SUBHAS CHANDRA BOSE,
which alone can guarantee the
eventual emergence
of
A PEOPLE'S ARMY
from out of the ranks of the
rice-soldiers of today.

PREFACE

A Treaty between Britain and India, which is the inevitable sequel to the unceasing struggle of our people to achieve Freedom, must necessarily include a clause sanctifying the unfettered sovereign right of the country to have her own People's Army, in the place of the existing Occupation Army of Britain, which directs and controls the Mercenary Army of Indian rice-soldiers. Even in 1942, Pandit Jawaharlal Nehru contemptuously rejected the offer of a Defence portfolio in the Executive Council of the Governor-General, on the ground that he would not like to be a minister for canteens.

Such an Indo-British Treaty must be forged soon on the anvil of the will of the people of this country, whether the Pethick-Lawrence Mission in New Delhi these days succeeds in its work or not. A Sovereign Government, with a People's Army behind it, must and will come into existence in the not distant future, and Army Organisation and Defence Expenditure are, thus, subjects which are invested with a tremendous importance today and tomorrow.

The basic research incorporated in this book was completed by me years ago, and the first sections of the book were dictated long before the trial of the Indian National Army in October 1945. As I proceeded with the argument of the book, only waiting for the first peace Budget of Sir Archibald Rowlands, the earth-shaking events in the Royal Indian Navy, the Royal Indian Air Force and the Land Army came to impart to it a special importance. Finally, the Pethick-Lawrence Mission took the field, and now the formulation of the first principles of an Indo-British Treaty has become a compelling proposition.

I am issuing this book in the confidence that it will be a contribution of some substance to the discussion of the vital problems of India's Army Organisation and Defence Expenditure, on which there is hardly any literature at all in this country, and I shall feel that my labour is rewarded if it helps in the solution of this crucial problem of Indo-British connection of two long centuries, during the course of which enormous financial burdens were heaped

upon our people, so that British Imperialism lived, and Indian rice-soldiers were used to repress our national liberties.

Immediate post-war printing difficulties have made it impossible for me to look into productional points. If it is remembered that a Ms. of 100,000 words was rushed through by *Avanti Prakashan* inside of three weeks, after a break-down of arrangements in three other cities of India, the reader is bound to give me the consideration that I have struggled against the elements, so to speak, to present this in time for the Pethick-Lawrence Mission.

NEW DELHI, }
April 9, 1946. }

LANKA SUNDARAM.

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INTRODUCTION

"It is a notorious fact that a very considerable proportion of the Indian revenues were spent on military expenditure, and in the ratio of such expenditure to total expenditure India stands perhaps the highest in the world. Incalculable damage was done to the country as a result of excessive military expenditure in Imperial interest, by starving the nation-building branches of the Government. The army maintained in India cannot be said to have been maintained merely for her protection. It has largely been an army of occupation, and, to use the language of Lord Salisbury, it has also been used as a barrack for providing troops for external British Imperial purposes."

—Report on the Financial Obligations between Great Britain and India, Vol. I. p. 63. Issued by the Working Committee of the Indian National Congress, 1931.

The unquenchable spiritual urge behind the formation of the Indian National Army, whose trials by the British authorities in India shook the entire world in the cold weather of 1945-46; the breath-taking developments connected with the revolt of almost all the personnel of the Royal Indian Navy in February 1946; and the hunger strikes and "indiscipline" of the personnel of the Royal Indian Air Force and the Land Army, bring the people of India face to face with the existence in their midst of a Mercenary Army which is tired of doing duty by Britain.

War Secretary Mason, answering a question in the Central Assembly on February 12, 1946, declared that it would not be in public interest to disclose the number of troops at that time in India, and that the number of British troops eventually to remain in India would be for the decision of the future Government of India. Twelve months after Hitler was knocked out, and eight months after Hiroshima and Nagasaki, the Central Legislature of India was asking for information about the true state of conditions relating to what was euphemistically called the "Army in India," and it is to be feared that this information will not be available, either in a comprehensive or in an intelligible form, even ten years hence.

of the country could not bear. Consequently, the size of India's armed forces "would have to be divided by three". He used the specious argument that the British levels of salaries, allowances, etc. were "related to the wages levels in the United Kingdom," even though these British units were detailed for duty in India and, in the case of the Land Army, were generally maintained, clothed, housed and fed at the expense of the Indian tax-payer.

In 1803-5 the three Presidency Armies had a total strength of 154,500 of which 24,500 were British. In 1857 there were 350,538 troops in India, of which 39,500 were British. In 1887, when the Army of India was reorganised, out of a total of 226,694 troops in the country 73,602 were British, a reflection of the significance of the events of 1857. In 1914, out of a total of 234,274 there were 75,336 British, and in 1923 out of a total of 197,132 their allocation was 57,080. In the inter-war period, a Standing Army of 200,000, of which less than 60,000 were British, seemed to have been the normal position. War Secretary Mason, in the statement quoted earlier, stated that the maximum number of foreign troops stationed in India, at any date during the Second World War, was 474,393, of which the British were 246,000, the American 170,000 and other United Nations 58,393. It is clear that, in contradistinction to the position obtaining at the time of the First World War, when both Indian and British troops were sent out of the country even to the extent of inducing Amanullah to try to wage war against India, the reverse of the picture was obtained during the Second World War. To prevent the mad rush of the Japanese to reach Calcutta, 500,000 foreign troops were stationed on Indian soil, in addition to the raising and maintenance of some 3,000,000 Indian combatants and others, for duty both internally and in almost every theatre of the War, both in the West and in the East.

It is futile to try to get estimates of the total military expenditure of India upon the Presidency Armies of the pre-1857 days. That was the time when the East India Company, *Bahadur*, and its functionaries played ducks and drakes with the fortunes of individual bits of territory in the country under their sway, raising and equipping armies, and reimbursing themselves in the manner they chose best. In 1856-57, the total military expenditure was Rs. 16.47 crores. In 1896-97 it was Rs. 24.56 crores. It must be remembered that exchange manipulations by Her Majesty's Government cost India Rs. 1.40 crores in 1895-96 alone, for this was the annual loot from this country which Britain collected by adjusting the

rupee-pound ratio, and which apparently was one of the principal reasons for Dadhabhoy Naoroji to write his famous book of the period, *Poverty and Un-British Rule in India*.

In 1900-1 the military expenditure was Rs. 23.21 crores. In 1914-15, the total military or Defence expenditure was Rs. 30.80 crores, and more than doubled itself to Rs. 66.72 crores in 1918-19, after which it declined to Rs. 55.63 crores in 1924-25. During the days of the economic depression, when the finances of India were completely ruined, the Defence budget was stabilised for a couple of years at Rs. 55.10 crores, and in 1934-35 it was Rs. 44.34 crores. At the outbreak of the Second World War, the Defence budget was Rs. 46.16 crores, and the all-time record of gross expenditure ever reached in India was Rs. 397.23 crores revenue portion *plus* Rs. 59.41 crores capital portion in 1944-45 (revised estimates).

This is the "pilgrim's progress" of Defence expenditure in India in a nutshell. But at every stage during the past one hundred years, the Army authorities and the Finance Department of the Government of India sought to conceal, as much as possible from the public keen information relating to the disposition of the armies in India and the manner in which funds were raised, allocated and expended for the maintenance of the Defence Services.

We must remember here that there were dozens of disputed questions between Britain and India, like problems connected with the notorious contributions exacted from India in respect of payments for the Royal Navy; exchange manipulations which were nothing other than an annual swindle; increases in the pay and allowances of the British element of the Army in India from time to time, in contrast to continued racial discrimination as regards the maintenance of the Indian portion of the Army in India; costs of the Afghan Wars and the Burmese Wars added to the finances of this country; division of expenditure between Britain and India, in respect of Indian troops sent for service abroad at the time of the First World War; the chronic problem of capitulation charges which ended up in a series of enquiries, the last of which was the German Tribunal of the early twenties of the twentieth century; those members of late Sir Shah Sulaiman and the late Sir Shaheed, the then Chief Justices of the Allahabad and the Punjab High Courts had to protest against the unreasonable military imposts on the people of this country, their mobilisation and the excessive imposts as a result thereof, and the system of taxation.

and "One Single War Measure" formulas of the Second World War, creating enormous complications in regard to accounting and allocation between Britain and India.

The costs of the Indian armed revolt of 1857 were placed at £40,000,000 or Rs. 6 crores. From 1857 to 1900, if we take the average of Defence expenditure at Rs. 15 crores a year it would mean Rs. 650 crores. On an average of Rs. 30 crores a year, the aggregate from 1900 to 1921 would be Rs. 630 crores. From 1921-22 to 1946-47 the Defence expenditure brought into the books of the Government of India was not very far short of Rs. 3,000 crores. If we include all the miscellaneous items, the total figure of Rs. 5,000 crores of rupees would be arrived at, as the gross figure of the military or Defence expenditure for the period of ninety years from 1857 to date. Even assuming that payments by Britain on capitulation charges of the earlier years and "Joint War Measures" of the Second World War to be of the order of Rs. 1,000 crores (which is an over-estimate), it would give us an annual Defence expenditure of some Rs. 50 crores over this long period. The gross figures given above are under-estimates, and are kept deliberately as under-estimates, for the reason that comprehensive and analytical information was never made available to the people of this country, and, secondly, for the reason that no student of public expenditure in India should be "ungenerous" towards Britain in apprising the benefits of British rule over our people. Nothing is mentioned here about the costs of the police and the special constabulary maintained by the Provinces and Indian States, and about the old Imperial Service Troops (the modern Indian States Forces) which did duty for Britain in India, and if these costs are included the above figures would be augmented by anything like twenty-five per cent.

In 1904, Sir Edwin Collen, the Military Member of the Council of the Governor-General, estimated that military or Defence expenditure constituted 46 per cent of the net revenues of the Government of India. In 1920, the Supreme Council of the Allied Powers, advocating limitation of expenditure on armaments, indicated that, on an average, the World Powers were spending 20 per cent of their national revenues towards the maintenance of armaments and preparation for war. In 1926 it was stated by the Army Secretary, in the Central Assembly, that, including provincial revenues, the Defence expenditure of India was 27 per cent of the total revenues. In 1928 it was admitted in the Central Assembly that Defence expenditure bore to the Central revenues a

proportion of 41 to 42 per cent. If we take the peak figures of the Second World War, as represented in the 1945-46 Budget, the Defence expenditure will be considerably more than 80 per cent.

Taking another set of calculations, it will be found that the Defence expenditure per head of population of the people of the Indian Provinces was Rs. 1.25 in 1914-15, Rs. 2.70 in 1918-19, Rs. 3.30 in 1920-21, under Rs. 2 in 1936-37, and about Rs. 15 in 1945-46. In any case, it will be seen that, both in war and in peace, the incidence of Defence expenditure in India was and continues to be about the highest in the whole world. The impingement of this incidence will become far greater, if it is remembered that India is perhaps the poorest country in the world, despite her great mineral and other natural resources. This is the toll of India's Occupation and Mercenary Armies, and hence the importance of a detailed study thereof, which is attempted below.

Barring two propaganda books issued with the imprimatur of the Government of India since 1900, there is hardly any information available in one single place on the Army organisation and Defence expenditure of this country. The method adopted in this book is to make the available documents speak for themselves, and to piece together, with special emphasis on the problems of the particular period, information which will have the effect of a continuous account of the gigantic struggle between the people and the Government of India over Army organisation and Defence expenditure during the past one hundred years.

In the first Chapter dealing with the legacy of Lord Clive, and bringing the account up to 1900, I have exclusively drawn upon the Reports of Royal Commissions and other Committees appointed either by the British Government or the Government of India. In the second Chapter, which discusses the position of Army organisation and Defence expenditure up to 1921, I relied mostly upon the proceedings of the Imperial Legislative Council. In Chapter three, which fully deals with the inter-war period, my main sources were the proceedings of the Indian Legislative Assembly and the Council of State of the Montagu-Chelmsford Reforms period, and reports of Committees like those of the Esher Committee, the Skeen Committee, etc. In the last Chapter, I have exclusively drawn upon the budget statement of Sir Jeremy Raisman and Sir Archibald Rowlands, integra-

ing as much as possible, the available meagre information on Army organisation, thus covering the period of the Second World War.

It will be seen that, owing to the extremely difficult nature of the subject and the lack of continuous data, there may be gaps in this discussion. I have, however, made every effort to see that the account becomes intelligible and as authoritative as possible, and that the sum total of the picture given in the following pages will be such as to convince the reader of the three fundamental points involved in the Indo-British connection: firstly, that the Army in India is an Occupation Army which controls a Mercenary Army and compels it to keep the people of India in subjugation; secondly, that the costs of these Occupation and Mercenary Armies have been, and are being, inequitably distributed between Britain and India, the balance of advantage always lying with the former; and, thirdly, that the incidence of Army or Defence expenditure in India had always been the highest in the world, and that it had destroyed every possibility for nation-building activities, with the result that India is in chronic poverty and ignorance.

In the Epilogue, I have ventured to examine, in brief, the constitutional-political relations of Britain and India with reference to these Occupation and Mercenary Armies, and to suggest a few ideas on the eventual formation of a People's Army and their probable costs.

CHAPTER 1

LEGACY OF LORD CLIVE

"In so far as the military defence of India is concerned, India pays everything and the United Kingdom nothing, and yet the maintenance of the military defence of India is one of the greatest of Imperial questions."

*—T. R. Buchanan, in his minute of dissent to the
Report of the Welby Commission, 1900.*

Loot of Company Nobles—Formation of Presidency Armies—Army Reorganisation, 1879—Occupation and Mercenary Armies—Curzon's "Foreign Policy" and Defence Costs—Britain's Military Imposts—Swindle of Exchange Manipulations.

LOOT OF COMPANY NABOBS

A glance at the last War Budget of Sir Jeremy Raisman and the first peace-time Budget of Sir Archibald Rowlands might give the impression that the Army organisation and the Defence estimates of the Government of India are controllable and are controlled by the Central Legislature. It might also lead one to the conclusion that the colossal expenditure of the Government of India on Defence measures is but a part and parcel of a total general Budget, which is submitted to the representatives of the people in the Central Legislative Assembly for their approval. Curiously enough, these two assumptions, however structurally feasible in the realm of formalism, are completely wrong, and it is the purpose of this book to prove them to be completely wrong, incidentally also proving that, at any rate, as far as expenditure upon measures taken ostensibly for our peace-time security and war-time defence is concerned, the revenues of India are charged with burdens for which the responsibility was and is solely that of His Majesty's Government.

I believe that the annals of the world do not supply us with another parallel to the sordid story of unequal imposts, as regards what might be loosely called Defence expenditure in this country, during the two hundred years of the British connection with us. I believe also that none of the

rival Imperialisms of the West, which came into conflict with the British and which still survive in some of the remote parts of the world, have a record of such ruthlessness and exploitation, which have become the twin instruments in the hands of the British people to keep down India with an Army of Occupation, with powers and privileges to service the operations of this Army, and with illimitable means for ensuring the grip which the British hold upon this country almost in perpetuity.

From the time of Lord Clive to the last days of the late President Roosevelt, who defined the principle of equality of sacrifice for belligerents in regard to their relative contributions to the recent international hostilities, is a piece of world history, in relation to India, which certainly affords a revealing insight into the brain cap of Imperialism proper and an understanding of its mechanics. Taking the budgetary statements of the Government of India every year to the Central Legislature, we find two or three very important points emphatically clear. In the first place there is a nominated *bloc* of votes which certainly throws a halter round competent and free discussion, and which more or less becomes coalesced with the wavering elements, e.g. when the Muslim League Party for a couple of years refused to throw out the Budget, according to the hoary traditions, during the recent war period. Then, there is the all-pervading power of the Governor-General to certify the Finance Bill even as against the vote of the Central Legislative Assembly, as is illustrated by the series of hardy annuals in the Long Parliament of India, which met with its ignoble but well-merited demise only in 1945.

An examination of the Government of India Act of 1919, taken together with the procedure adopted by the Legislative Assembly, will show that the estimates relating to Defence, even in peace-time, meaning thereby the expenditure incurred in respect of the maintenance of what might be termed the standing peace-time Army in India, is not votable, except in respect of certain minor and insignificant items of the same, by the people's representatives. Annual budgetary statements, including those relating to the Army of India, were submitted to the old Imperial Legislative Council, but the legislators were warned not to expect any modification according to their wishes. Since 1919, at any rate, Defence estimates were submitted to the Central Legislative Assembly as part and parcel of the general

Budget estimates of the Government of India, but were made non-votable. Even though legislators tore up these budgets during the debates, the authorities had always access to the weightage of the official nominated *bloc* to influence the waverers in their vote on the Budget. Even if a combination of the forces on the part of the Opposition succeeded in throwing out the Budget and the accompanying Finance Bill (as was the case on numerous occasions during the inter-war period and during the recent war years), the Governor-General, most religiously and pontifically, certified the Finance Bill and enforced the Budget, including the Defence estimates, in order to ensure "the ordered good government" of the country as a trust for the British people and His Majesty's Government.

If this is the position today in the year of grace 1946, one can easily imagine what could have been the reality of the situation in the eighteenth and the nineteenth centuries, when British merchants dropped their pose of petitioning Indian Rulers for trading concessions, started raising and maintaining local armies, waged war against local potentates on their own initiative and in the name of the British Crown, and manned the Governments of the three Presidencies of Calcutta, Madras and Bombay, until they handed over their affairs to the ministers of Queen Victoria in 1858.

I have the unenviable reputation of having taken the Doctorate of the London University with a piece of research on the original manuscript records of the East India Company dealing with its revenue administration, and I need not blush when I say that I am not unaware either of the records or of the arrangements made in successive years, before and after the East India Company ceased to function as the sole repository of authority for the good governance of the territories occupied by it in this country. I would like to be clearly understood that even patience and research, when harnessed together to the attempt of unravelling the Army or Defence expenditure of the East India Company, would not yield results, which are either intelligible or sufficient to give an idea as to the manner in which the milch cow of India had been gnawed at to the marrow, during the first one hundred years of British contact with us. At all events, research of this character dealing with a period of chaos and exploitation need not be pursued. Even after we were supposed to have the Comptroller's "moral and material progress reports" - were submitted -

British Parliament every year, indicating the conditions in this country, along with annual budgetary statements for dozens of years in succession, there is hardly any difference in the *substance of approach* of Lord Clive and of Lord Wavell to these matters. That is to say, what Britain wanted out of India, allegedly for the defence of India, she had always obtained with impunity, and against the continuous demand of the nation for moderation in this *regime* of Defence exactions, at any rate as far as they were voiced, ever since its birth, by the Indian National Congress sixty years ago.

When we review in brief the phenomena of British contact with India and of the British Imperialist hegemony over the fortunes of the Indian people, the conclusion becomes valid and irresistible that, with all the trappings of democratic governance which are supposed to have been bestowed upon us from time to time, the 400,000,000 people of this country today are as voiceless as they were at the time of Lord Clive in respect of Defence expenditure, which was from year to year deemed necessary for the maintenance of the British supremacy in this country and in the Eastern hemisphere. This, indeed, is a record of Imperialism which must be considered to be not only unique, but unparalleled either before or after the birth of Christ.

I believe that it will not serve any useful purpose to examine with any pretence to detail the mechanism of finance of the East India Company, except to state of few general principles. Factors of the East India Company, backed by a Royal Charter in Britain, arrived in India with petitions for land grants and trading rights, both to the decadent Mogul Emperor in Delhi, and to local Chieftains, who asserted their independence in various parts of the country, particularly in the coastal areas. They obtained these grants, and suddenly felt the necessity for protection of their properties. This was followed by the despatch of motley crowds of the Pig Tails and Red Jackets of the East India Company, allegedly for the protection of these properties against pilferage by local Chieftains. The next step was the recruitment and arming of local levies by the functionaries of the East India Company, in what have come to be known as the three Presidencies of Calcutta, Madras and Bombay, but with purposes other than that of the protection of their properties and trading rights against attacks from without. This was the period which saw the formation of the armies of the East India Company, which sallied forth into territorial adventures, took sides with rival local Chieftains, fomented civil wars and inter-statal wars in

India, and ultimately turned the merchants' paradise of freebooters into a territorial domain which, even today, remains as the brightest jewel in the diadem of the British Crown, or of any other Crown or potentate in the world.

An examination of the activities of the three Presidency Armies, i.e. of the Armies controlled by Calcutta, Madras and Bombay, in so far as expenditure on their organisation, maintenance and operations is concerned, leads us into a mirage, from which we could not possibly ever hope to extricate ourselves. It is the verdict of History that these three Presidency Armies were nothing but groups of marauders, which were equipped with armaments unknown to the local Chieftains of India at each successive period of our national history of the eighteenth and nineteenth centuries, and if there are any doubts about this proposition, it is only necessary for us to recall the sordid stories behind the East India Company's dealings with Mir Jaffar in Bengal, the Nawab of Arcot in the South, the Peshwas in the Middle West, the Begums of Oudh in the North Centre, and the successors to Maharaja Ranjit Singh in the North-West.

The stockholders of the East India Company naturally supplied the initial grist to the mill of its operations in India, and the success or failure of the Company's operations was always measured by the dividends fetched annually. As regards the mechanism of finance of the early days of the East India Company, it is only well to remember that huge premia were paid by prospective purchasers for a place as writer or cadet in the establishments of the East India Company, and I have found evidence of a paltry annual salary of £5 or £10 being considered sufficient by many an entrant to gladly pay premia of, say, a thousand pounds or more each to get into the service of the East India Company. The point which is sought to be emphasised in this connection is that, once the functionaries of the East India Company arrived in this country, at any rate in the early days, they were let loose upon the people of bits of Indian territory, and allowed to fend for themselves in the manner they chose or considered best. It will be an astonishing record of man's greed and ability to amass wealth, if information relating to the fortunes made in this country by the *Nabobs* of John Company, as a result of the ruthless and cruel manner in which they had battered upon a people and a country with impunity, is fully available.

The following list of fortunes made by Lord Clive and his

associates from their dealings with Mir Jaffar, roughly estimated at three crores of rupees, is interesting:

	£
Clive ..	211,500
Watts ..	117,000
Kilpatrick ..	60,750
Walsh ..	56,250
Drake ..	31,500
Manningham ..	27,000
Becher ..	27,000
Scrafton ..	22,500
Bodoin ..	11,367
Frankland ..	11,367
Mackatt ..	11,367
Collet ..	11,367
Amyatt ..	11,367
Peakes ..	11,367
Grant ..	11,250

It must be remembered that these were the shares of the spoils which Clive looted from Bengal alone, and were the individual "earnings" of his associates from one single transaction. I can give dozens of other illustrations concerning the individual fortunes of the Factors and Pig Tails of the East India Company, but one need not dig up the cold bones of every one of these human locusts, who were mercilessly let loose upon this hapless country, to obtain an appreciation of the conditions relating to the costs of the rule over us of the stockholders in London.

An occasional impeachment like that of Warren Hastings, and an occasional document like the Second Committee Report of British Parliament, afford us some relief to this gruesome canvas of the history of the East India Company, until the British Crown took over the reins of Government in 1858. But one swallow does not make a summer, and, with minor variations, the legacy of Lord Clive persisted right up to the events of 1857 and, in essence, even up to the present day.

Indian students of the history of the British connection with India have confessed their failure to bring together, and in one place, the financial trends on this country as a result of the operations of the East India Company. At any rate, they have miserably failed to estimate the Defence expenditure of the East India Company, meaning thereby the operational expenses of the day-to-day activities of John Company, *Bahadur*, in its pursuit to convert trading establishments into

military outposts, and, ultimately, a group of merchant principalities into the legacy of an Empire. Small wonder, that estimates of the Defence expenditure of the East India Company are not available in any coherent or comprehensive manner.

FORMATION OF PRESIDENCY ARMIES

The three principal Presidencies, to begin with, organised their revenues by bidding for *diwani* grants from local Chieftains, and rack-renting them again, the difference between the original assignment and the re-assignment being the sum total of the profits of the individual functionaries of the East India Company, and the finances needed for making possible the trading and military adventures of this unique organisation. The play of grab and loot was mercilessly practised upon this country, in order that local levies were raised and converted into the three Presidency Armies, as we come to know them by the time we reach to the nineteenth century.

At the end of the Maratha War of 1803-5, the armies of the East India Company stood as follows* :—

			<i>British.</i>	<i>Indian.</i>	<i>Total.</i>
Bengal	..	..	7,000	57,000	64,000
Madras	..	..	11,000	53,000	64,000
Bombay	..	..	6,500	20,000	26,500
<i>Grand Total</i>			24,500	130,000	154,500

Tributes were collected from so-called recalcitrant neighbours (the Begums of Oudh, for example). Indemnities were extracted from derelict Indian Rulers, and, towards the evening of the history of the East India Company, Lord Dalhousie hit upon the novel, but ruthlessly income-fetching, expedient of the Theory of Lapse, and whole territories were gobbled up on the score that there were no ostensible heirs to individual Rulers (the Principality of Jhansi). Subsidiary alliances, right through the long and forceful career of the East India Company, between its functionaries on the one part and individual Rulers on the other, had that wonderful enabling clause, *viz.* that the Ruler concerned, who sought this assistance from the East India Company, paid for the maintenance of a defined number of troops for his protection. If I am not mistaken,

**Imperial Gazetteer*, chapter on the Indian Army by Lieut.-Gén. Sir Edwin Collen, former Military Member of the Governor-General's Executive Council.

even today there is a legal obligation for every Indian State to maintain a specific number of troops, whether they are necessary for preserving internal security within their territorial borders or not, and to supply them to the Government of India under the style and procedure pertaining to Imperial Service troops, more recently styled Indian States Forces. This was how a Jaipur regiment distinguished itself on the Italian front during the recent international hostilities, and I can give numerous other illustrations of troops from Patiala, Bikaner and Hyderabad, which had made their presence felt on the various fronts of the Second World War, leave alone the numerous wars in and outside India during the two centuries of Indo-British connection.

Occasional glimpses into the volume of expenditure involved in the operations of the East India Company are available, but it is to be feared that they are neither accurate nor exhaustive, with the result that no one can say with certainty what the Defence or military expenditure of the East India Company was in any particular year. For one thing, this expenditure mostly figured in the accounts of the three individual Presidencies and, for another, it was covered by arbitrary imposts. In any case, there can never be any estimate of the loot collected by the marching armies of the East India Company during the course of its day-to-day operations.

This is the legacy of Lord Clive, and the system represented by him, to India. Even the rudiments of budgeting were not to be found in the methods of finance adopted by the East India Company to raise, equip and service its Armies in this country. There were occasions when even the Central Exchequer of the Governor-General, leave aside the Provincial Exchequers of Bengal, Madras and Bombay, were completely empty, and hurried decisions were taken to replenish them in order that the Armies of the East India Company marched forward, to put down a "recalcitrant" Indian Prince here, or grab a piece of tempting territory there. It is futile to talk of any budgetary control of the military or Defence expenditure of the East India Company, unless it be that such control might be presumed to have come into prominence at the time of, shall we say, the Impeachment of Warren Hastings, or at the time when, at successive stages, the British Parliament inquired into the affairs of India, either through debates, reports of Select Committees, or through Commissions of enquiry. It must be remembered that these devices were taken recourse to by the British Parliament during

the later decades of the nineteenth century, and, of course annual statements of Defence or military expenditure were submitted to Parliament, along with information relating to "the moral and material progress of India," particularly after the conclusion of the First World War. Information which could be gleaned from some of these reports and allied documents is brought together in later sections of this book, but it must be enunciated that the legacy of Lord Clive was a legacy of unbridled extortion and uncontrolled expenditure, which the East India Company indulged in, whether it be in terms of civil administration or military expenditure, and which, for our present purpose, must be discussed under the head, Defence expenditure.

The legal basis behind the Army in India must be examined here. Answering a question in the Central Legislative Assembly on January 15, 1923, Mr. E. (later Sir Edward) Burdon, Army Secretary, declared that "the Governor-General-in-Council maintained an Army in India under the East India Charter of 1698, followed by the East India Mutiny Act of 1754, and the Government of India Act of 1858, under which the Forces of the Company and the right to maintain them were transferred to the Crown." Questioned by Mr. (now Sir) Padamji Ginwala, it was stated that the "Standing Army in India is maintained both for the purpose of preserving internal peace and order, and also for the defence of India against external aggression." It was, however, admitted that the East India Mutiny Act of 1754 was repealed by the Statute Law Revision Act of 1867, while the Government of India Act of 1833 and the Government of India Act of 1858 were repealed by the Government of India Act of 1915. While admitting that the Standing Army had no express statutory authority behind it, it was argued on behalf of the Government of India that its legal basis was and is "the inherent authority of the Crown", even though it was conceded that the Standing Army in Britain was maintained only under the negative provisions of the Bill of Rights. Commander-in-Chief Chetwode, declined to place, on the table of the Council of State (September 1, 1934), papers dealing with correspondence on this question between the Government of India and His Majesty's Government, but referred to the resolutions of the British Parliament of September 16, 1914, of the Commons of November 26, 1914, and of the Lords of November 26, 1914, suspending Section 55 of the Government of India Act of 1858, to permit the pledging of the resources of India for the prosecution of the First World War.

It is sufficient for the purpose of this book to link up the story of India's expenditure on Military affairs since the pregnant events of 1857. The method adopted is to make the records of the Government of India speak for themselves as much as possible, in the process bringing into connected sequences the Imperial policy of Military organisation, the manner in which India's resources in men and money were made to subserve Britain's Imperial purposes, the incidence of military or Defence expenditure on general expenditure in India, the constant fight between India and Britain in regard to the allocation of Military expenditure, and the thousand and one other problems connected with the organisation and control of the Army of India and the maintenance thereof.

On the eve of the events of 1857 the disposition of the armies of the East India Company was as follows :*

PRESIDENCY ARMIES IN 1857

	BRITISH ⁽¹⁾				INDIAN				
	Cavalry	Artillery	Infantry	Total	(2) Cavalry	Artillery	Sappers and Miners	(2) Infantry	Total
Bengal ..	1,366	3,063	17,003	21,432	19,288	4,734	1,497	112,052	137,571
Madras ..	639	2,128	5,941	8,708	3,202	2,407	1,270	42,373	49,252
Bombay ..	681	1,578	7,101	9,360	8,433	1,997	637	33,861	44,928
Local forces and contingents	..	..	..	..	6,796	2,118	..	23,640	32,554
" "	..	..	..	..	..	..	..	(Un-classified)	7,756
Military police	..	..	..	..	..	..	..	..	38,977
Total ..	2,686	6,769	30,045	39,500	37,719	11,256	3,404	211,926	311,938
Grand Total, British and Indian Troops	..	..	..	..	..	..	..	..	350,538

(1) Including Company's European Troops.

(2) Including irregulars, and local units not in 'force' or 'contingents'.

ARMY REORGANISATION, 1879

On the reorganisation of the Army after the incidents of 1857, it was decided that the proportion of Indian to European troops should "never greatly exceed 2 to 1, and that the field and other artillery should be exclusively, or almost exclusively, manned by Europeans". By the time the Army Reorganisation Commission (Eden Commission) reported in 1879, the position of British Army in India, which fluctuated between 61,000 and 63,000 officers and men, was as follows:—

Cavalry	..	4,347	} Officers, Non-Commissioned Officers and Privates
Artillery	..	12,232	
Infantry	..	45,962	
<i>Total</i>		62,541	

All the fortresses in the country came to be manned by British artillery. All the heavy batteries and all the batteries of horse and field artillery were manned by Europeans. Out of a total of 384 guns (1879-80 estimates), no field guns and only 24 mountain guns, were in the hands of Indian artillery men, excluding 16 smoothbore field guns of the Hyderabad Contingent manned by Indians which are not included in these figures. The Eden Commission wrote: "...the lessons taught by the Mutiny have thus led to the maintenance of two great principles, of retaining in the country an irresistible force of British troops, and keeping the artillery in the hands of Europeans."

The Eden Commission on the Organisation and Expenditure on the Army of India, taking its name from its Chairman, Sir Ashley Eden, and published in 1879, agreed with the Parliamentary Commission of 1859 in discountenancing certain proposals for the raising of European forces in India, though such a course would have meant the substitution of anything between twenty to thirty thousand regular British troops sent out to this country, as well as a saving of anything between £ 160,000 to £ 240,000 a year to the Indian exchequer. They wrote that "any such change would seriously disturb the military system of the parent country, and would deprive Great Britain and the British army of the valuable training which Indian service now furnishes. Moreover, such a change in the European garrison of India would, no doubt, involve some deterioration of discipline and consequent loss of power, and would deprive both India and England of the undoubted advantages which they mutually derive

from the employment of a large portion of the Imperial army in India". The Commission went on to define the "principle of reciprocity" between Britain and India, based upon the recognition of the need for an efficient and disciplined army in India, and an Indian and British reserve in case of military necessity on an Imperial basis. It will be seen, however, that this principle which had come to be the basis on which the Army of India was actually organised during the last half of the nineteenth century, was progressively loaded in favour of Britain—a fact which came up repeatedly in investigations held both in this country and Britain.

For example, the Eden Commission itself has the following passage in its Report (para. 186): "If this principle be not recognised and enforced in a liberal and even generous spirit, it is possible that the advantages which India may hope to derive from the present system may be too dearly purchased, and become a burthen which the country will not be able to bear. India may thus be driven by sheer necessity to re-establish a local army which, though less efficient than that now at her disposal, may be sufficient for her purposes, and more within her means". No one need endeavour in this country to twist the meaning of the second sentence in the above quotation, which speaks for itself and which clearly indicates the gradual process of mulcting which this country has gone through, in terms of repeated reorganisations of the Army of India and repeated re-allocations of expenditure between this country and Britain. The Commission further wrote: "The duties of British regiments in India are not those of a garrison in times of peace; the mere garrison duties are performed by the native regiments; our position in India is dependent on the readiness of our British regiments to strike at a moment's notice in any direction, and they must be maintained on war footing if they are to answer the purpose for which they are intended. It must be remembered, too, that an Indian campaign is necessarily commenced whenever it is possible to choose our own time early in the cold season—the time of the year when British regiments are at their lowest strength. With their present numbers, the British regiments in India form inconveniently small and extremely costly tactical units".

One curious thing about the composition, strength and costs of the Army of India at this period, and the principles animating them, must be recorded here. It was the anxiety of Britain to make India the training ground of the British personnel of the Army of India in military tactics, and to

tally, pay for it. This, I believe is the verdict of History, in which there is no scope for argument, and if there are sceptics either in India or in England on this question, such of the quotations from the reports of various Commissions and Committees which are incorporated in this volume, with the assurance that no violence is done to them in terms of their context, are a sufficient answer.

The Eden Commission gives us an insight into the queer foundations on which the armed forces of the country were maintained towards the latter part of the nineteenth century. The Commission wrote that the purposes for which the Army of India was maintained might be stated to be :

- (1) preventing and repelling attacks, or threatened aggressions, from foreign enemies beyond India's borders;
- (2) making successful armed disturbance, or rebellion, within British India or its feudatory States, impossible; and
- (3) watching and over-awing the Armies of the Feudatory Indian States.

The Army of India was, of course, additional to the police forces maintained by the authorities, which aggregated to 157,999 and of which 3,158 were Mounted Constables, with 54,720 armed with muskets or rifles, and the rest carrying only swords or batons. The Eden Commission estimated that the cost of the police force was £2,511,000, of which a sum of £346,000 was contributed by Municipal and Local Funds. It must be remembered that, at the time when the Eden Commission reported, British suzerainty over the country was still to be extended and consolidated, and that the population under British administration was estimated to be only 192,000,000 people.

The Eden Commission quoted a circular of the Government of India of July 7, 1879, calling upon the Local Governments to furnish the Commission with information relating to the strength of the Indian population, the strength of European and Eurasian population (exclusive of the Army); the state of popular feeling; the elements of danger; and the strength, distribution, and efficiency of the police. Further, the Commission wanted information on the European and Eurasian population considered as military strength, as regards their combatant power and capability to maintain order, on schemes meant to ensure the safety of non-combatants, *i.e.*, European and Eurasian women and children,

ness and violence, or else of a predatory disposition hardly curable." Bengal was described as "peaceable and quiet," and it was stated that the people of Eastern Bengal, despite ill-will between Moslem ryots and Hindu landlords, were "a prosperous and quiet race, very unlikely to cause danger to the British Government or employment in the Indian Army."

The old-time North-West Frontier Province and Oudh, which administered "severer and more permanent shocks than any other parts of India" to the British rule, were described as constituting no trouble to established authority, though the Commission observed as follows: "The lower stratum of the Mahommedan urban population, the dispossessed landlords, the predatory classes, and perhaps the cadets of old Mahommedan families, are only sections of the people who really dislike British people." Then follows a very remarkable statement. The Commission wrote: "The Lieutenant-Governor adds an expression of his opinion that the recent increases of direct taxation, the decrease in the personal influence of district officers, and the complexity of our judicial and Legislative systems, are, or may become, a distinct danger to our British Rule." Taking the Punjab only, the Commission recorded that it was the home of "the most martial races of India, and is the nursery of our best soldiers." It was reported that the state of feeling in the Punjab towards the British Government was excellent, and that "among chiefs and people, traders and peasantry, Sikhs and Moslems, there is much real hearty, active loyalty and goodwill towards the British Government." It was reported by the Lieutenant-Governor to the Commission that the people of the Punjab would remain well-disposed towards individual Englishmen and loyal to the Government, so long as they were ruled with justice and consideration, and that the elements of danger to British rule "lie in the increase of taxation, burdening the people beyond their strength, and in unsympathetic legislation subversive of native custom and undemanded by the voice of the people."

As has been described earlier, one of the functions of the Army of India was that of watching and over-awing the armies of the Indian States. The Eden Commission observed that "it cannot be overlooked that these Armies are or may become elements of danger to the British Power," and quoted the Madras Government as affirming that the forces of the Nizam of Hyderabad were a danger, "to provide against which special garrisons must be maintained in British territory." The Commission, in their recommendations, were "felt obliged" to allot to Secunderabad a considerable contingent of

British and Indian troops. The urgency of this question will become apparent when it is recalled that, according to the information gathered by a Committee of Military and Political officers in 1877, the Indian States, with their population of 53,000,000 people and a total revenue of £18,000,000 sterling, maintained armed forces aggregating 381,000 men, including 69,000 Cavalry and 10,964 Artillery, with 2,698 serviceable guns. The rabble of the police force usually maintained by Indian States was also included in this estimate.

OCCUPATION AND MERCENARY ARMIES

A detailed attempt must be made here to secure a correct insight into the workings of the British mind, in so far as the organisation and maintenance of the Army of India are concerned. Paragraphs 41-42 of the Eden Commission Report run as follows :

“The view which we find ourselves compelled to accept is, that the political separation of nationalities, which is so essential to the safety of the Empire, is disregarded and nullified in the present arrangement of the Presidential armies, and we believe that, by a stricter recognition of that great principle, India can have a simpler, cheaper, and more scientifically constructed military organization, with far greater security than the present system gives. Our desire is to maintain the great national divisions of the army, but to systematize and readjust them on an intelligible principle, and we, therefore, have determined to recommend that, instead of the three Presidential armies of Bengal, Madras, and Bombay, the armies of India should be divided into four completely separate and distinct bodies, to be called army-corps, so distributed that they shall be deprived, so far as possible, of community of national sentiment and interest, and so organized, recruited, constituted, as to act, in time of excitement and disturbance, as checks each upon the other. While bringing the whole of the army-corps under the general central control of the Supreme Government, we would leave the detailed administration of each a great deal more than at present, under the authority of the officer commanding it. We can see no connection whatever between such a measure as that which we here propose, and the suggestion for the fusion and amalgamation of the three armies into one, which naturally called forth such opposition in former days.

“We cannot help seeing that the mistaken feeling that the segregation of the various divisions of the army is, and can

only continue to be, preserved under a system of three distinctly organized Presidential armies, has already had a very baneful effect upon the country, in delaying the reconstruction of the Indian military system on a simpler basis, and we find that it has also stood in the way of every proposal hitherto made by the Government of India, for readjusting the distribution of the army to the limits really required by the present condition of the country. . . ."

One of the most curious aspects of the Army organisation in the 'eighties of the last century was that relating to the reduction from previous levels of the Madras Army, which saw service in various parts of the country and even in Burma. The Eden Commission wrote: "Madras regiments have, in consequence, been advanced into Bengal, and even Upper India, and in this way, not only has the segregation of the several armies been departed from, but men have been employed in constantly garrisoning stations, the occupation of which they look upon as foreign service. In the beginning, the Bengal Native Army—one large force composed of many castes, creeds, and nationalities—was scattered over the country between Calcutta and Peshawar. Sikh soldiers were serving in Calcutta and in Central India side by side with Hindustanis; Punjabis garrisoned Rohilcund, while Hindustanis were manning forts in the Punjab. At Peshawar itself the Bengal sepoy was brigaded with the Sikh soldier; Madras sepoys were serving in Saugor and Jubbulpore in the Central Provinces, and in Nowgong. Madras detachments spread out from Nagpore to the banks of the Mahanuddy, and to Dorunda in Bengal, with the result that in certain times of the year, to reinforce the station of Raipore, Madras sepoys had to be sent from Madras by rail, through the Bombay Presidency almost to Bombay itself, by rail to Nagpore—altogether 1,246 miles—and thence by route march to Raipore. At the present time, the Sikh and the Poorbia, the Musalman of the Punjab and of Oudh, serve side by side in all parts of the vast and ill-defined tract called the Bengal Presidency—a term which has not even the accuracy of a geographical definition".

Having carefully set forth the organization of the three Presidency Armies and the difficulties involved in their movements to and from various points in the country, the Eden Commission, while pleading for the cutting down of Defence expenditure chargeable to Indian revenues, gave away the whole case, and unwittingly endorsed the dominant theory that the Army of India was an Army of Occupation, though con-

taining a considerable Indian element, and that attempts to maintain internal security and to prevent aggression from without were only attempts towards securing the continuance of British Power in India. This is what the Commission wrote: "The natural consequences are that the distinctive characteristics of the soldiers, both in creed and nationality, tend to amalgamate, and thus a common feeling is stimulated which might dangerously unite them to a common end. This is an evil which is not now apparent for the first time; experienced statesmen and distinguished soldiers have pointed it out again and again". Quoting the opinion of His Royal Highness the Duke of Cambridge and other eminent soldiers and administrators in India, including General Jacob, Sir Sidney Cotton, Sir Charles Trevelyan, Lord Lawrence, Lord Sandhurst, Sir Henry Durand, etc., the Commission came to the conclusion that it was necessary to avoid "any fusion of the armies into a homogeneous body", and observed in another place that "so long as we hold our main trunk lines of railway communications, any successful insurrection, or any real display of military power by the Native States is out of the question."

The main anxiety of the Eden Commission was towards securing decentralisation of the Army organization in India, in order to ensure greater efficiency and strategic control of the three Presidency Armies, in the light of the experience gained in 1857. The emphasis on the need for securing efficiency, mobility and striking power is, however, paired off by an equal insistence upon the need for economy in Defence expenditure, in order that the restriction of India's Armies did not produce any apparently jarring effect upon the people of this country. No one could object to a proposition involving modernisation of the Army of India with lesser expenditure to the Indian tax-payer, or for that matter to make the Commander-in-Chief, India, the supreme head of the Defence organisation of the country, keeping under him the Presidency Commanders, with defined initiative and powers of control over their local armies.

Little by little, the picture, however, becomes less blurred and more direct, when we go deeper into the motives behind Army reorganisation as attempted towards the end of the last century. The most important illustration in regard to this was that of the British element in the Army of India. The Eden Commission wrote: "We consider that, notwithstanding the extension of rail communications and the improved armament of the troops, we cannot at the present time propose to reduce the total strength of the European force in

One or two curious points connected with army organisation at this period must be noticed here. What the Eden Commission characterised as "the demoralising and extravagant" corps system, with Lieutenant Colonels at the top scattered all over the country and without any fixed duties and refusing to retire, and only waiting to earn their pension, was one of the most notorious features of the Army of India before and after 1857. The Commission wrote: "Under this order a direct inducement was held out to officers not to retire, when they knew that by merely living on for a certain period, they would come into the enjoyment of what was practically a retiring pension of £1,124 a year. The result has been a constant increase in the higher ranks of the army, causing not only a heavy charge on the finances, for the pay of senior officers performing duties which might and ought properly to be in the hands of younger and less highly paid men, but also a large and for many years continued increase in the non-effective charges".

The Eden Commission made recommendations which led to reductions in the cost of the maintenance of the Army of India on this account, as also in the case of the organisation of Medical Services in India, the Commissariat and Clothing Department, the Ordnance Department, Military Works and Barracks Departments, Remount and Veterinary Departments, the Military Accounts Department, and so on. The problem of lines of communication and the mobilisation of the Army for war also held the attention of the Eden Commission.

In retrospect, it will be seen that whatever temporary reliefs of this character were sought to be recommended by Commissions from time to time, a few predominant characteristics of Army organisation and Defence expenditure become impressed indelibly on the minds of the students of the fortunes of this country during the one past hundred years. The British element of the Army of India definitely constituted an Army of Occupation. The Indian element was necessarily mercenary in its character. National integration of the Indian element of the Army of India was deliberately prevented and destroyed. The enrolment of the people, for example from Madras and Bengal, constituted a political argument, with the result that what had later come to be characterised as the distinction between martial and non-martial classes of India had definitely come to roost. The centralisation of the Army of India

under the Commander-in-Chief naturally effected economies, as was also the case with a small reduction in the total strength of the Indian personnel of the Army of India.

Undoubtedly, the progress in the field of armaments and in military strategy, coupled with Imperial necessity to send out contingents of the Army of India for service overseas, increased the Defence expenditure in the latter part of the nineteenth century in the most subtle manner imaginable. Undoubtedly again, the curious conception of Lord Clive *Bahadur*, the emphasis being on *Bahadur*, according to which even a regimental Commander became a demi-god and freely indulged in buccaneering activities during the career of the East India Company in India, was giving way to a professional army of British families, at any rate as far as the Commands were concerned. An overall picture of the position of the Army of India in the latter half of the nineteenth century must necessarily lead one to conclude that, while the ultimate parliamentary control in Britain and a faint approach to budgeting and audit were becoming dimly feasible, the sum total of the load upon the tax-payer of this country did not show any appreciable shrinkage. However, the nineteenth century ended, as far as the Army of India and Defence expenditure were concerned, in a high note of optimism relating to British hegemony of the fortunes of some 300,000,000 people, without the ruled being consulted about the need for and justification of the composition and the size of the Army and the expenditure on its maintenance, which kept on increasing by leaps and bounds.

This is the place for a concise examination of the terms of reference to the Eden Commission and its recommendations. The instructions of appointment given to this Commission referred to the heavy loss to the revenues of India caused by the unfavourable rate of the pound-rupee exchange, which had rendered reduction in public expenditure imperatively necessary. The Commission was instructed to study the improvements in administration, which at that time were being introduced in the British and other European armies, and to consider how far such changes could with advantage be introduced into India's Armies. The great problem of modern military organisation, *viz.* to provide the largest and most efficient forces in war with the smallest permanent peace-time establishment and expenditure, was made one of the principal questions for the investigation of the Commission. The Commission was also asked to determine the number

of troops, British and Indian, to be maintained in peace-time, both for the maintenance of internal peace and the performance of the necessary garrison duties. In addition, the Commission was directed to lay down a plan of distribution for this force, and its proportionate allotment to various Provinces. As a corollary, the Commission was asked to indicate the number of troops which India should have for placing and maintaining them in the field for service whenever required, and the garrisons and reserves to be maintained in India. The question was also put to the Commission whether the total cost of Defence expenditure in India can be reduced through alterations in its organisation, without reducing the British personnel in the Army of India. Several other questions, including the removal of control by the Provincial Governments of provincial armies existing at that time, in relation to the strengthening of the power of the Commander-in-Chief, were also made the subjects of their investigation. In a monumental report, the Commission made far-reaching recommendations, which were, however, subject to the dissent of the then Chief-of-Staff, Sir P. S. Lumsden, and the results of the Commission's enquiry and recommendations must be summarised here.

The Commission recommended the substitution of strong for weak cadres, and other improvements conducing to higher efficiency with reference to the British element in the Army of India. As regards the Indian portion thereof, it was proposed to raise corps from "expensive and dangerously weak numbers to such a strength as will, at a less cost, give effective and powerful fighting bodies, and to establish, as a tentative measure and as occasion demanded by the position in India, a limited reserve of soldiers whose service will be available in extensive or protracted campaigns." The difficult question of officering the Indian soldiers, and "the abolition of the present extravagant and inconvenient dual system of administration" in the Medical Services, the vast problem of *personnel* and *materiel* of all services, the question of more rapid and easy mobilisation and transport arrangements for the Army, and a host of other points were discussed by the Commission. The sum total of the recommendations of the Commission was that, if the proposals were carried into effect, a saving of anything between Rs. 1,03,00,000 to Rs. 1,25,00,000 a year could be effected in Army expenditure.

After this, the Commission reported, that the future of the so-called Presidency Armies, i.e., the armies maintained by or under the initial control of the Presidency Governors of

Bengal, Madras and Bombay, and the Punjab Frontier Force, became more or less settled, and the Four Army Corps System for Bengal, Bombay, Madras and the Punjab, under the control of the Commander-in-Chief, came into current favour. The fight between Lord Kitchener and Lord Curzon was still to be staged over questions of high policy, as well as the respective rights and prerogatives of the Viceroy and the Commander-in-Chief, but looking back it must be remembered that the army reorganisation of 1879 was responsible for the first conscious effort towards the cutting down of the daily mounting military expenditure in India, and for the creation of the essentials needed for the formation of an army for the country as a whole, which does not feed upon local or regional peculiarities or affiliations.

The lessons learned at the time of the vast conflagration in the Army in 1857 have had a tremendous impress upon the course of Army organisation and development, and the expenditure upon the Army personnel, from time to time. It is not only the high proportionate cost of the Army of India to the general revenues, or to expenditure upon social services in the country, which attracted the attention of Indian publicists and patriots during the last one hundred years. But, it is a fact also that, with the rising tide of Indian nationalism, the people of this country, at any rate those who were able to mould and lead such public opinion as was available from time to time into vocal and effective channels, insisted upon a reasonable ceiling being put to expenditure on the Defence services, and on preventing Indian troops being utilised for services beyond the territorial borders of the country. The Afghan Wars and the subsequent developments with reference to mobilisation and utilisation of sections of the Army of India for overseas duties, in addition to garrison duties at vital points beyond the territorial confines of this country, indicate the utter futility of the public demand that the resources of this country should not be expended on the military adventures of British people, particularly during the closing decades of the last century and the early decades of the present.

Thirty years after 1857, the British element in the Army of India stepped up by leaps and bounds and the Indian portions dwindled, incidentally mounting up the Defence costs, as the table on the next page amply demonstrates :*

**Imperial Gazetteer, Collen's Survey, op. cit.*

CURZON'S "FOREIGN POLICY" AND DEFENCE COSTS

It is beyond the purpose of this book to discuss questions relating to the "foreign policy" of the Government of India, if ever such had existed in an ascertainable manner, since the stabilisation of the East India Company in our midst to the present day. India had never had any foreign policy, unless it be that she was made the centre-piece of the policy laid down by the British Government from time to time. In fact, the foreign policy of Britain had been consistently shaped in order that the Indian Empire was made secure for the British Crown, and that India's economy was kept as a preserve for exploitation by the British people. This was the policy behind the Suez Canal, the Mesopotamian and East African Wars, the Burmese and the Afghan Wars, and the location of American troops on Indian soil during the Second World War.

There is, however, enough evidence to show that enterprising Governors-General in India pursued their own "foreign policy", in order to keep constantly furbished the sword of Britain's might, and to keep the Princes and the people of India in continuous awe. Without getting lost in the adventures of the eighteenth and nineteenth centuries, it is necessary for our limited purpose to glance through the broad incidents of the so-called foreign policy of India since the time of Lord Curzon, for the simple reason that the Defence expenditure of the country was augmented in order that the military excursions of these pro-consuls in India were made possible.

The late Gopal Krishna Gokhale bitterly complained in the Imperial Legislative Council, on March 27, 1908, while discussing the financial statement, that the conclusion of the Anglo-Russian Convention had only meant increased financial burdens on India with respect to military charges. This was what he said: "I think the country has a right to complain that the conclusion of the Anglo-Russian Convention, which has been acclaimed by its authors as a great triumph of diplomacy, has made no difference whatever to the people of India, so far as the weight of military charges is concerned. . . . This time it is an agreement with Russia herself that has been concluded, and now at any rate there is no justification for regarding Russian aggression on the North-West Frontier as anything less than a mere remote possibility. But, now, I fear that another account is being taken, namely, that in view of the unrest prevailing in the country, and the tendencies of thought and utterance among a section of the people, it is not desirable to touch the

military expenditure of India. My Lord, all I can say is that such a view of the situation is most unjust to the vast bulk of the tax-paying community in the country. . . . No doubt it is the case all over the world that, when military charges have been once allowed to grow, it is extremely hard to get them reduced. . . . But the general satisfaction that will result from a reduction of our over-grown military expenditure is an important consideration." Lord Minto, as presiding officer of the Imperial Legislative Council, answering sentiments of this character, observed: "My hon'ble colleagues are very right in taking exception to extravagance in military expenditure, but I would venture to point out that reduction of expenditure on such a complicated matter as the Army cannot be undertaken hastily, without incurring grave risks and a diminution in efficiency which it would be impossible to restore on the sudden appearance of unforeseen emergency."

It is, thus, clear that even at the dawn of the present century, representatives of Indian public opinion felt grave concern about the manner in which the Military expenditure of India was piled up, and sought its reduction, with the result that a short examination of what might be termed the Land Frontier Policy of the Government of India in relation to Military expenditure becomes imperative.

Lord Ronaldshay (now Viscount Zetland) in his illuminating biography of Lord Curzon*, discussing the anti-Russian policy pursued by this imperious pro-consul, observed as follows: "On account of the views which he had of the necessity for a definite policy to check the advance of Russia towards India *via* Persia, Afghanistan and Tibet, Lord Curzon has been depicted as a prancing pro-consul afflicted with acute territorial megalomania." Nothing illustrates Curzon's Russia-baiting policy better than the following quotation from his Despatch of February 16, 1900, to Lord George Hamilton: "The policy of maintaining weak buffer states between two strong Empires was an experiment made many years ago, and it certainly has not proved a success in Afghanistan or Persia. I look forward to the day when the Frontiers of Great Britain and Russia may be co-terminus." To this, Lord George Hamilton wrote a reply on June 15, 1900, as hereunder: "I must congratulate you on your Kabul Despatch. It is admirable in its tone, its argument and its conclusions. The objections to a Russian Agent in Kabul are, as you say, insuperable, and to that

**Life of Lord Curzon*, Vol. II, p. 114 and p. 126. London, Ernest Benn, First Edition, 1928.

point we must adhere." This was how the trans-Frontier Policy in the west of the Government of India was given shape to at the dawn of the present century, and this was how the series of blunders relating to the Afghan Wars, and the Tribal Policy on the North-West Frontier of the present century, had mercilessly mulcted our people to the tune of hundreds of crores of rupees in wasteful Military expenditure, which today has become part and parcel of the so-called Defence expenditure of India. A short examination of this trans-Frontier policy, whether it was to the East or to the West, is attempted below, in order that the broad propositions relating to the maintenance of the Army of India on a war-time footing are properly conveyed.

Writing in the *Queen's Quarterly* in 1931, I said * : "The history of British policy in the East is replete with instances which show that India is the centre of gravity in Asiatic politics. The distinguished Imperialist and writer, Sir Archibald Colquhoun says : 'India may be regarded as the centre or pivot of the Empire in the East ; and for this reason alone, setting aside all other considerations, must be defended against foreign aggression. It is not only that British supremacy in that country itself is at stake, but the uninterrupted intercourse that her Eastern colonies would at once be threatened, should foreign invasion take place.' Written thirty years ago [nearly 50 years ago today] this statement contains the principle of the older type of Imperialism in Great Britain, which has gradually succeeded in creating the mightiest Empire known to history.

"It was Disraeli's foresight which secured for Great Britain a controlling interest in the Suez Canal, which was the backbone of the Empire, and the deciding influence in Asiatic and European politics. Even though the interests of Australia, New Zealand and other Eastern possessions were connected in future, the acquisition of the Suez was primarily intended to control the destinies of India. Even at the present day, Aden is administered by the Government of India as the Agency of His Majesty's Government in Great Britain.* †

"The control of the Suez Canal may be considered as the principal factor in the history of the external relations of India during the past half a century and more. It

**Queen's Quarterly*, Kingston, Canada, July, 1931, pp. 242-244.

†Aden was handed over to the Colonial Office in 1937, but today there are not chauvinists wanting in India who demand its rendition to the future National Government, as an outpost to India's defences.

has imparted stability to British policy in the East, and consequently elevated the position of India in world politics. European jealousy of the British control of the vast resources of India always manifested itself in more ways than one. Imperial Russia was the first to realise the importance of the Suez for Britain's policy in the East. Russian advance in Central Asia and Asiatic Turkey during the last quarter of the nineteenth century must be said to be the direct result of the British acquisition of the Suez. What Tsarist Russia had embarked upon, Soviet Russia is carrying out to the minutest detail. The extirpation of the *Khanates* of Bhokara and Samarkand, and the creation of numerous Central Asian Republics, modeled upon the Communist cells of the orthodox Lenin type, kept pace with the deliberate policy of the Soviets to make the Oxus the southern boundary of Russia, which in itself is regarded as the outpost of the nearest advance towards the Arabian Sea and India. This is the first step in the Soviet scheme of Asiatic, and through it, world domination.

"Great Britain was not slow to recognise the Russian menace to India. To her, the preservation of India as a part of the Empire is a vital necessity. As such, during the Tsarist regime, she undertook three Afghan Wars in order to create a strong buffer state to the North-West against foreign aggression upon India. In this, Great Britain was successful to a large extent, but the Great War and the 'putsch' of Amanullah created a new situation. Imperial Russia was superseded by the equally Imperialistic and more dangerous Soviet Republic. A change of method was found to be the easiest and most efficacious way out of the impasse. Recognition of Afghanistan as an independent State, and the maintenance of strict neutrality during the three Afghan Revolutions of the past four years were intended to achieve, as they actually did, the results sought by the three Afghan Wars of the old Imperialist regime, and by the creation of a 'scientific frontier' to the North-West of India."*

*Written fifteen years ago, this statement of mine must be considered to remain valid even today, if one understands the implications of Soviet policy in Persia, and the general set-up of her foreign policy with reference to sea outlets, whether it be in regard to the Baltic in the North Sea, the Mediterranean in the Atlantic, the Persian Gulf in the Indian Ocean, and the Okhotsk in the Pacific Ocean. I am not sure what a full-fledged National Government in India would do in regard to foreign policy, but I do know definitely that a National Government in India would go out of its way, if necessary, to build a chain of friendly powers across the border, to the East and West and the North of this country.

Lord Curzon's Afghanistan policy deserves some notice here*. The Russian bogey was seen even in its insignificant and minutest manifestations. The Tsar was planning to have a Vice-Consulate in Rangoon. In Kashgar he was supposed to be undermining British Consular influence. British influence was waning in Sikkim and Tibet. There was a complete absence of friendly relations between India and Nepal. Even though the Tirah Campaign was successful in 1897, Lord Elgin was instructed by the Secretary of State to have a political settlement with Afghanistan, which, however, was not found possible. It was Lord Curzon, who, on January 20, 1889, took upon himself the task of immediately laying down the first principles of the Afghan policy of the Government of India. He came to the conclusion that the provincial Government of the Punjab, which was so far dealing with Frontier questions, was a stumbling block in the way of the direct control by the Government of India of Frontier policy. In March 1899 he wrote to Field Marshal Sir Donald Stewart that he "does not want to go and spend a lot of money on the Khyber I have a strong *a priori* distrust of military schemes for great defensive posts and forts on and across the border." Curzon was at this stage averse to pursuing a forward frontier policy, and was anxious to withdraw the forces to defensive positions, a policy which resulted in an immediate saving of Rs. 6 lakhs. The British Government agreed with him about the abandonment of fortifications on the Frontier, as also Sir William Lockhart, the then Commander-in-Chief, but Curzon's policy of forming tribal levees for the first time was received with scepticism, and though he opposed the project of a Khyber Railway it was only eventually opened on November 2, 1925, as a counterblast to King Amanullah's resourceful, though short-lived Afghan rule. Strategic railways had always been the corner-stone of British military policy in India, costing us crores of rupees annually through their uneconomic operation.

It was Curzon who was responsible for the direct assumption of control by the Government of India of Frontier policy. He was also responsible for the creation of Imperial Cadet Corps for "providing somehow increased opportunities for the military aspirations of Indian gentlemen and princes," which Queen Victoria loudly applauded.†

Muscat and the Koweit on the Persian Gulf, attracted Curzon's eye in a manner for which there was no paral-

* Ronaldshay's *Curzon*, Vol. II. pp. 37-55.

† *Ibid.* pp. 122-128.

lel in the attitude of any other Viceroy of India. At a time when Britain was trying to placate France, Curzon, going beyond the instructions given by the British Government, secured the cancellation of a concession obtained from the Sultan of Muscat by a French citizen, and obtained a coaling station at Jisseh, which brought Lord Salisbury's wrath upon him, for the British Premier stigmatised Curzon's Foreign policy on the Persian Gulf as a "serious mistake". Curzon was able to arrange a Treaty with the Sultan of Muscat. With regard to Persia also, Curzon's view-point about a forward policy was not fully shared by the British Government, but Curzon, it will be recalled, made himself the foremost authority on Persia and the Middle East long before he became the Viceroy of India. In a letter to Mrs. Craigie, which Curzon wrote on January 8, 1900, we find the following: "I have been trying to force upon the Government at home a policy with regard to Persia, the Persian Gulf and Mesopotamia and our interests generally on that side. No; they will not look at it. One day the crash will come, and then my dispatches will be published and in my grave I shall be justified."*

Lovat Frazer † offers us an illuminating explanation of the adventures of this prancing pro-consul, Curzon. He says: "When Lord Curzon went to India we had no Frontier Policy save that of alternate vengeance and inaction. We have spent crores of rupees on futile expeditions. In the four years before his arrival £5,000,000 sterling was expended on Frontier Wars. He formulated definite principles to take the place of old, muddled methods. He withdrew British forces from perilous defence positions. He made the tribesmen responsible for the defence of tribal country, and concentrated British forces in British territory behind as 'a safeguard and a support.' He devised a scheme for the retention of Chitral, which maintained our hold upon that important territory with a minimum of risk. Time amply justified his prescience. In seven years he only spent a quarter of a million pounds sterling upon repressive measures, and only found it necessary to institute one blockade against a refractory tribe." Lovat Frazer contrasts this policy of Lord Curzon with the policy pursued by his predecessors in office between 1849 and 1898, during the course of which, he says, there were 53 expeditions across the Frontier. He instances that in 1897-98, 40,000 British troops fought their way through

* *Ibid.* p. 101.

† *India Under Curzon and After*, pp. 19-20.

the country of the Afridis and the Orakzais, and observes : "We poured out millions of pounds and sacrificed thousands of lives in our repeated efforts to hold the Frontier tribes in check during the period extending over exactly 50 years. We never had yet settled a definite policy. We never made up our minds as to what we wanted to do. We waited until a particular tribe had exhausted our patience by repeated acts of violence, and then we marched in and tried to smash it. Occasionally, we gave the offending tribe heavy punishment, but found our troops suffered more severely than the foe We never profited by our bitter lessons. Sometimes we built a small fort in an isolated position in a tribal territory, and generally had to rescue our garrison from a siege afterwards ; but for several decades 'butcher and bolt' was usually our maxim in the Frontier warfare".

Let Lord Curzon speak for himself on what he sought to achieve. Addressing the Imperial Legislative Council on Frontier Policy on March 27, 1901, he said : "It seems to me that many of our blunders and misfortunes had arisen from the fact that there was no settled basis of policy, no principle of action operating throughout that long and troubled zone, but that each situation was apt to be dealt [*sic*] as it arose and according to the advice or influences that happened to be uppermost." A year later (March 26, 1902) he defined what he called "unity and continuity of policy in respect of the Frontier." Still another year later (March 25, 1903), he told the Imperial Legislative Council that the British were "gradually drawing this country, once so isolated and remote, into the vortex of the world politics, and that will materially affect its future." The two principal reasons adduced by Lord Curzon in explanation of this change of India's position in world politics, as he termed them, were the expansion of the dominion of India, *e.g.* in Upper Burma which extended our frontier to China, and the spectre of a European advance into Asia, *e.g.* Russia on almost India's Frontier, not to speak of the new Colonial expansion of European Powers. He predicted : "The geographical position of India will more and more push her to the forefront of international politics. She will more and more become the strategic frontier of the British Empire." And it must be said that, thanks to Curzon's policy, India did become the strategic frontier of the British Empire during the past 40 years, not because of any bellicose ebullitions of the people of this country in terms of world adventure, but because of the fact that India was made the pivot not only of the British Imperial system but also of British Imperial

**Ibid.* pp. 40-41.

defence and military policy. Addressing, again, the Imperial Legislative Council on March 14, 1904, Curzon finalised his Frontier policy as hereunder: "Our policy was summed up in these particulars: withdrawal of the British forces from advanced positions; employment of tribal forces in the defence of tribal territory; concentration of British forces in British territory behind them, as a safeguard and a support; and improvement of communications in the rear." Curzon, ironically enough, was not vindicated by the march of events during the past half a century, but his Frontier and general foreign policies have meant enormous additions to the military or Defence expenditure of the country, and in any case brought into the books of the Government of India sums of expenditure formerly incurred by provincial governments.

BRITAIN'S MILITARY IMPOSTS

There is a pathetic interest for India in the Report of the Royal Commission presided over by Lord Welby and published in 1900. The Commission was charged with the task of investigating into the administration of the expenditure of India as it existed towards the end of the nineteenth century. The Minority Report signed by Sir William Wedderburn and Mr. W. S. Caine, two well-known friends of India, and by Dadabhoy Naoroji, is perhaps unique in the history of Royal Commissions and Committees appointed to investigate into the affairs of this country, in the sense that even fifty years ago friends of India saw through the sordid game of unequal imposts upon us as a people, particularly with reference to Defence expenditure. Before we examine the data furnished in the long Minority Report of Wedderburn, Caine and Naoroji, note must, however, be taken of a reservation made to the Report by another member of the Commission, Mr. T. R. Buchanan, M.P.

Mr. Buchanan wrote: "The *military charges* come last, but they are by far the largest and most important. It has already been pointed out that, in so far as the military defence of India is concerned, India pays everything, and the United Kingdom nothing, and yet the maintenance of the military defence of India is one of the greatest of Imperial questions". After illustrating the manner in which the military strength of India was made to become "the main factor in the strength of our Empire in the East", Mr. Buchanan observed: "Surely, therefore, both on general grounds and from our recent experience of the efficient help that India's military strength can give to the Empire [e.g., the Boer War] it is establish-

ed beyond question that India's strength is the Empire's strength, and that in discharging these Imperial duties India has a fair claim that part of the burden should be borne by the Imperial Exchequer. There may be difficulties as to the method of making the charge and the amount; as to the equity of the claim on the part of India there can be no doubt." On the vexed question of capitation charges, that is to say, the *per capita* payment which was extracted from India for every British soldier stationed in our midst from time to time, (in 1900 there were roughly 75,000 British troops in India, perhaps the peak for any normal year), Buchanan wrote that it was "all the more necessary to examine the military charges that India is called upon to pay at Home, in order to determine whether they are in all respects fair and reasonable." He then argued as follows. Under the heading of Capitation Grant to Britain, Indian was "compelled to pay to the British Exchequer 7l.10s. per head per annum for every British soldier on the Indian Establishment in addition to paying all his pay and expenditure and a proportion of the non-efficiency [*sic*] charge for the time she has had his services. The 7l.10s. is represented as the cost price of the recruiting and training of the British soldier at the time he is sent out to India, and India is made to hire the British soldiers at that price. The charge has no parallel elsewhere in the Empire. It would [*sic*] never have been made *de novo*. Its origin dates back to the time when India had a European Force of her own, and for its services a recruiting station of her own at Warley in this country," [*i.e.* Britain].

Quoting the evidence of Sir Henry Brackenbury that "nobody in India believes in the fairness of the capitation charges", Buchanan referred to the numerous Committees and Commissions which investigated into the dispute relating to the capitation charges between the Government of India and the British Government since 1861 onwards, and wrote: "If the Imperial Government were to forego this charge, it would be firstly the removal of a long-standing subject of contention between the Home and Indian Governments, that has caused much waste of time, temper, and money in the past, in constant inter-departmental negotiations, which, however settled for a time, always leave behind a permanent sense of unfairness and dissatisfaction in the minds of the Indian authorities and people. It would further be the transference of a charge that is, in its nature, an Imperial and not an Indian charge, and that ought never to have been imposed upon India. The British Army is the Army of the Empire. Of the British Army 74,000 men are permanently stationed

in India, and are the symbol of British rule in that country. If India pays all their expenses whilst in her service, and all other charges for the military defence of India, she does everything that can be expected of her, and far more than is demanded from any other part of the Empire. It would, lastly, be a substantial reduction of the military expenditure of India, and a relief to the burdens of the Indian Exchequer, liable as it is to severe strains at uncertain intervals from famine and other unforeseen causes, it would be a recognition of the obligations, (though perhaps not a complete one), which the United Kingdom owes to India for the effective part she bears in the military defence of the Empire at large."

No patriotic Indian could have been more firm in his denunciation of this inequitable exaction from India of monies by Britain than Buchanan in his note of dissent quoted above, but this is not the whole story about the position of Defence expenditure at the dawn of the present century. The Minority Report of Wedderburn, Caine and Naoroji gives us a remarkable peep into the stark realities of Indian finances, and of the administrative position at the end of the last century. Taking the land revenue figures for the years 1875-76, 1885-86, and 1895-96, it was demonstrated that the increase represented by the figure for the second decennial year of this series was 5 per cent over the first, and of the last 13 per cent over the second. The ravages of the great famine of 1877, which is known in India as the greatest famine ever visited upon any people in the world, following twenty-one years after the events of 1857, has almost completely destroyed the economic margins of the people of this country, and yet these increases in taxation were available to the Government of India.

What horrified Wedderburn, Caine and Naoroji about the expenditure of the Government of India was in regard to the almost continuous progression in the realm of military expenditure. An analysis of their very careful and minute calculations yields interesting results. The increase in military expenditure charged to the revenues of India was as hereunder:

Increase (Exchange excluded):

Rs.

1875-6 to 1884-5 3,38,928 or 2.2 per cent

1884-5 „ 1895-6 48,63,700 „ 30.6 „ „

1884-5 „ 1898-9 51,51,714 „ 32.4 „ „

1875-6 „ 1898-9 54,90,642 „ 35.2 „ „

The causes of this phenomenal increase in the military expenditure were described as the policy of "great military

preparedness" on the North-West Frontier, which led to an increase of 10,000 European and 20,000 Indian troops on the Indian Establishment, costing an additional Rs. 16 lakhs. This was done in the face of the protest of two European members of the Executive Council who, quoting the Report of the Army Commission, established the point that the military forces available to the country, at this period were sufficient for the needs of the country including "the contingency of operations beyond the Frontier, not merely against Russia with Afghanistan as her Ally, and with Russia assisted by Afghanistan." Wedderburn, Caine and Naoroji indicated that during the year 1885-86 to 1895-96 the total net cost of military operations in Upper Burma charged to the revenues of India was Rs. 1,45,79,521. To the end of 1895-96 a sum of over Rs. 46 lakhs was expended on what were called the Frontier defence works. The construction of military railways on the North-West Frontier was an additional factor in this phenomenal increase in military expenditure of the last decade of the last century. An item of Rs. 73,59,031 was shown as military expenditure, for a period of eleven years ending 1895-96, on smaller expeditions and other field operations, including operations in Kachin, Waziristan, Chitral, etc. Again, an amount of Rs. 4,76,25,713 was listed as constituting "special military expenditure of the Government of India during 1885-86 to 1895-96." Then, Wedderburn, Caine and Naoroji wrote, in paragraph 66 of their Minority Report: "To sum up, these facts prove that the great progress of military expenditure since 1885 was the direct consequence of the policy of 'greater military preparedness', which led to expeditions and annexations beyond the frontiers of India. As regards the wisdom or unwisdom of that policy this Commission is not prepared to express an opinion, being concerned only with the financial aspect of the situation. But, it may be pointed out that a return to the policy of Lord Lawrence and Lord Ripon would remove the cause of military expenditure, and justify a return to the scale of expenditure considered safe and sufficient by the Simla Army Commission."

The Welby Commission, in paragraph 230 of their Report, said that the total expenditure incurred on Defence and Foreign relations by the Government of India was :

1856-57	Rs. 1,50,00,000
1861-62	„ 1,66,57,000
1862-63	„ 1,58,63,000
1875-76	„ 1,71,27,000
1884-85	„ 1,87,54,000
1895-96	„ 2,89,45,000
1896-97	„ 2,76,31,000

These increases were as follows :

Between	1856-57	and	1862-63	..	5½ per cent
„	1862-63	„	1875-76	..	8 „
„	1862-63	„	1884-85	..	18 „
„	1875-76	„	1884-85	..	9½ „
„	1884-85	„	1896-97	..	47 „
„	1875-76	„	1896-97	..	61 „
„	1856-57	„	1886-97	..	84 „

These figures show that within forty years after 1857, India's military expenditure had nearly doubled, and small wonder that the Welby Commission (paragraph 307) recommended the promulgation of a British Treasury Minute, providing:

- (1) that India has not a direct and substantial interest in the employment of forces in Europe; in Africa, West of Cape of Good Hope; in Asia, East of China;
- (2) that India has a direct and substantial interest in keeping open the Suez Canal, and in the maintenance of order and established Government in Egypt so far as the security of the Suez Canal is affected thereby. This interest might extend to the coasts of the Red Sea, only so far as to maintain the inviolability of that shore, but not to the Soudan, and further extensions of Egypt up to the Valley of the Nile or its affluence;
- (3) that India may have a modified interest in questions affecting the East Coast of Africa as far as Zanzibar, and the African islands in the Indian Ocean, except Madagascar;
- (4) that India has no direct or substantial interest in the African coast south of Zanzibar;
- (5) that India has a direct and substantial interest in questions affecting Persia, and the coast and islands of Arabia and of the Persian Gulf;
- (6) that India has a direct and substantial interest in questions affecting Afghanistan and that part of Central Asia which is adjacent to the borders of India or Afghanistan;
- (7) that India has sole interest in punitive expeditions on her borders;

- (8) that India has a direct and substantial interest in questions affecting Siam ;
- (9) that India has a modified interest in questions affecting China and the Malay Peninsula ;
- (10) that India has no direct or substantial interest in Japan, or countries or islands east and south of China ;
- (11) that special cases may arise giving to India a direct and substantial interest in questions connected with Europe or other territories in which the minute declares her to have, as a general rule, no interest; and
- (12) that in every case where the two Governments are not agreed, no contributions should be made by India until the sanction of the Parliament has been obtained.

The figures of expenditure quoted by Wedderburn and his colleagues are not conclusive, since they do not include expenditure on military works and military adventures of the Government of India. The following table gives us as complete a picture as possible of the total military expenditure of the period.*

FORTY YEARS OF MILITARY COSTS:

1860-61 to 1899-1900

(In crores of rupees)

1860-61	16.47	1880-81	27.59
1861-62	13.25	1881-82	16.96
1862-63	12.52	1882-83	18.08
1863-64	12.21	1883-84	17.99
1864-65	12.71	1884-85	17.36
1865-66	13.53	1885-86	20.09
1866-67	12.08	1886-87	20.21
1867-68	12.33	1887-88	21.12
1868-69	15.58	1888-89	21.12
1869-70	16.20	1889-90	21.56
1870-71	15.54	1890-91	21.61
1871-72	15.11	1891-92	24.54
1872-73	14.64	1892-93	23.98
1873-74	14.45	1893-94	24.32
1874-75	13.69	1894-95	25.73
1875-76	14.66	1895-96	25.39
1876-77	15.32	1896-97	24.56
1877-78	17.72	1897-98	27.03
1878-79	18.32	1898-99	24.31
1879-80	22.29	1899-1900	23.07

*Appendix to *Report on the Financial Obligations between Great Britain and India*, issued under the auspices of the Working Committee of the Indian National Congress, 1931, Vol. I, p. 67.

Little by little the theory of "Imperial responsibilities" which India and her armies were expected to discharge at the dawn of the present century, in regard to which the revenues of this country were pledged on the responsibility of the British Government, was deliberately built up at this period. Looking back, it will be seen that the Welby Commission had an uphill task to discharge in trying to be fair to India, without being unduly critical of Britain's commitments, as far as the allocation of expenditure between the two countries on military matters was concerned. Lord Curzon's Viceroyalty was being fully anticipated at the time when the Welby Commission investigated into this question, and the "prancing pro-consul" was still to have his fight with Lord Kitchener. Even the recommendations of the Welby Commission, as listed above, leave us in no doubt as to the point that the centre-piece of the British Imperial system was India, and that India was made to maintain a military force, both British and Indian, which could be used at a moment's notice on a combatant basis in every part of the world where British interests or adventures demanded, and that the milch cow of India was to provide the greater proportion of the expenditure needed.

A word must be said here about the naval charges debited to the revenues of India. Up to the year 1862, India maintained a Navy of her own under the Charter granted by Charles II and James II, authorising the East India Company to maintain an armed Naval Force for the Defence of its possessions. It was in 1862 that the Secretary of State, in a letter to the Admiralty, recorded the point that in his opinion the general Defence, the protection of "trade generally, and the measures for putting down the slave trade on the East Coast of Africa, which had hitherto been performed partly by H. M. Navy, partly by the Indian Navy, should be undertaken altogether by H. M. Navy." It was estimated that the average annual cost of the Indian Navy, for the ten years 1853-62, was probably less than Rs. 3,50,000. Later, expenditure on the Indian Marine was listed in the Welby Commission Report as follows :

	Rs.
1875-6	4,36,000
1884-5	4,40,000
1892-3	7,98,000
1893-4	6,95,000
1895-6	6,71,000
1896-7	6,55,000

The abolition of the Indian Navy and the taking over of its duties by the Royal Navy were brought about on the basis of the award given by Lord Rosebury on July 12, 1892, under which India was made to pay £300,000 a year to the Admiralty. Later, this contribution was reduced, after much higgling between the Government of India and the British Government, to £100,000 a year, though it must be noted here that a further charge was made against India for coal used by H. M. ships in the Persian Gulf and on other services performed at the request of Indian authorities, though estimates of these costs are not easily available.

On the one hand, it was at this time argued that Britain had, out of her generosity, agreed to the reduction of the contribution of £300,000 to £100,000, under the revised awards of Lord Salisbury and Lord Rosebury which were to end in 1901. On the other hand, the Welby Commission wrote (para. 313): “. . . it is argued that the Colonies are more liberally treated than India, but in considering this plea we must draw a distinction between various Colonies. Malta, Gibraltar, Singapore and Hong Kong are Imperial coaling stations or garrisons. They are essential to the United Kingdom as a great National power, and they do not enter into the comparison. The plea applies to the great self-governing Colonies, Canada, the Cape, Australia and New Zealand. It is true that these Colonies made no contribution to Naval expenditure at the time when the Indian Navy was abolished, but in 1862 these Colonies had sparse populations, and were only beginning their career, under which they had advanced to the rank of States forming part of Your Majesty's Empire. The time had not arrived for calling on them to acknowledge their Imperial obligations. Australia and the Cape, however, now contribute to their naval defence, and, though their contributions differ in detail from the contribution which India makes, they do not, we believe, compare unfavourably with it. We do not think that the reduction of this contribution can fairly be raised on this plea”.

The result was that the Welby Commission did not agree with the demand of the India Office for a further reduction of this Naval contribution and recommended its continuance from 1901 onwards. The only remark we can make in this country on this observation and award of the Welby Commission is that while India's Navy was abolished, only to be revived in a small way in the 'thirties of the present century, Britain's generosity was applauded, but when comparisons were made between India on the one hand and

the White Colonies of the British Empire at this period on the other, arguments were used to show that India could afford to pay contributions to the British Exchequer while the newly formed White Colonies could not. It could easily be seen how the Imperial dice were loaded in favour of Britain and her White Colonies, and against India and the other countries of the Empire, which had their political freedom withdrawn and economic and financial freedom dominated by the City of London. This, again, is the import of the recently established Colonial Development Fund of His Majesty's Government.

As the Welby Commission stated (para. 229), at this period the expenditure on the cost of what was called the Foreign Office of India, which was considerable and nearly equal to that of the "military budget", was clubbed together under the head Defence and Foreign Affairs. This expenditure was as hereunder :

	Rs.
1856-7	1,19,300
1861-2	2,33,000
1862-3	3,13,000
1875-6	4,32,000
1884-5	7,99,000
1892-3	8,42,000
1893-4	9,66,000
1894-5	8,98,000
1895-6	10,62,000
1896-7	10,03,000

It is a trifle grotesque to be told that India had foreign relations of her own, but then, India was a pawn in Britain's Imperial game, and if she could be saddled on with these costs the British tax-payer would not kick up a row. The euphemistic way in which this item was separated from Military expenditure, hardly finds a parallel in the Imperial history of any other Western Power.

The table on the next page gives the colossal amounts of expenditure which Indian revenues were made to bear at this period on the Imperial adventures of Britain :*

**Ibid.* p. 21.

INDIA'S EXPENDITURE ON WARS AND EXPEDITIONS, 1857-1896

LEGACY OF LORD CLIVE

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Year	Expedition	Borne by India		Borne by Britain		Present Claim ₹
		Ord.	Extra.	Ord.	Extra.	
1867	Abyssinian ..	all	None	None	all	6,00,000
1875	Perak ..	all	None	None	Col. Govt. all	41,000
1878	2nd Afghan ..	all	all but 5 mil.	None	5 mil.	17,500,000
1882	Egypt ..	all	all but $\frac{1}{2}$ mil.	None	$\frac{1}{2}$ mil.	1,200,000
1882-92	Minor ones of N. W. Frontier.	..	..	..	..	13,000,000
1885	Soudan ..	all	None	None	all	4,705,000
1886	Burma ..	all	all	None	None	200,000
1896	Soukim-Soudan ..	all	None	None	all	(It terms of Rupees, some 37.5 crores.)

SWINDLE OF EXCHANGE MANIPULATIONS

Perhaps the most notorious manner in which India was mulcted by Britain at this period related to the scheme under which the rupee-pound exchange ratio was manipulated, and the deliberate way in which the exchange value of the rupee was allowed to decline. Wedderburn, Caine and Naoroji, in paragraph 67 of their Minority Report, indicate the effect of the declining exchange value of the rupee as hereunder :

NET COST OF EXCHANGE

	1875-6	1884-5	1895-6
	Rs.	Rs.	Rs.
On Sterling expenditure	13,77,400	33,64,000	1,16,85,200
On remittance transactions	57,100	—12,400	—1,78,300
Sterling pay of troops	..	1,84,300	11,56,400
Exchange compensation .. .. .	..	..	13,27,600
<i>Total under charge</i>	14,34,500	35,35,900	1,39,90,900

INCREASES

1875-6 to 1884-5	..	Rs. 21,01,400
1884-5 to 1895-6	..	1,04,55,000
1875-6 to 1895-6	..	1,25,56,400

Wedderburn, Caine and Naoroji, while admitting that the net cost of exchange to the Indian revenues showed a decrease of Rs. 47 lakhs in 1898-99 over the figure for 1895-96, entered into a series of calculations, and demonstrated the manner in which the Indian revenues were mulcted on this account alone. They concluded (para. 71): " Taking therefore the second and more important period (1884-5 to 1895-6) the real increase in the cost of exchange due to any uncontrollable causes may be put as Rs. 80,00,000 during the 11 years, and nearly Rs. 25,00,000 of the increase falling under the head of exchange must be classed as increase of expenditure not automatic in its character, but part and parcel of the financial action of the Government of India in increased military ex-

penditure and exchange compensation." For the period 1884-5 to 1898-9, the latter financial year recording the figure as Rs.92,53,600 under this head alone, they showed that the automatic increase in the cost of exchange, owing to exchange manipulations, was as much as Rs. 41,00,000, "which again shows the immense effect upon the finances of the Government of India exercised by the recent return to a higher level of the Exchange value of the rupee." Wedderburn, Caine and Naoroji also demonstrated the point that the cost of exchange to India was really great in regard to other items of expenditure, and that on the Railway Revenue Account alone India's cost of exchange was Rs. 11,64,210 in 1884-5, Rs. 43,66,989 in 1895-6, and Rs. 29,37,100 in 1898-9. But this is not the place for an examination of the highly important but complicated question of the rupee-pound ratio, with all its long and doleful implications to the people of this country, but it is clear that one of the numerous ways in which India was made to pay towards the expenses of British Imperial adventures in the East was through the manipulation of the exchange, a process which, as will be shown later in this book, continued to proceed in one form or another right up to the present day.

The Welby Commission endorsed the recommendations of a Committee of the House of Commons on a Memorandum submitted by the India Office and the Government of India for "liberal treatment," as regards the allocation of expenditure between India and England. This Committee recommended :

- (1) that strict impartiality in financial arrangements must be secured for India ;
- (2) that that impartiality would be most effectively secured by watchfulness on the part of the House of Commons ;
- (3) that English estimates ought not to be relieved at the expense of Indian revenues ;
- (4) that India, as a component part of the Empire, must be prepared to share in the cost of a system, the expense of which may be enhanced for Imperial purposes ; and
- (5) that the payments by India to England should be in the form of fixed rates carefully computed and remaining in force for a period of years ; and that care should always be taken to consult the India Office on proposed changes, which may affect India.

This India Office Memorandum to the Committee of the British House of Commons reasoned out its appeal for "libe-

ral treatment " of India as hereunder ;

- (1) the cost of recruiting is excessive, and short service has increased the cost of transport and entailed a charge for deferred pay ;
- (2) India is used more as a reserve for England than England is for India ;
- (3) India frequently pays the charges of its own troops used for English purposes ;
- (4) India is a good training ground for the English Army ;
- (5) India provides a large Army to maintain British supremacy in the East ;
- (6) the abolition of purchase has increased the pensions of officers ;
- (7) a different organisation of force is needed in the United Kingdom and India ; there can, therefore, be no true partnership between them ; and
- (8) the pensions of European Officers and soldiers out of Indian revenues are spent in the United Kingdom.

The Welby Commission further recommended that no charge should be made on Indian revenues without prior consultation with the Secretary of State for India, for, it is *naively* argued, that " communication with the Secretary of State is consultation with the Indian Government." The Commission further expressed the hope that " when the time for revising the present arrangements arises, the exceptional position of India as to military charges should be borne in mind. If, on the one hand, she imposes a certain strain on the Imperial resources in the supply of services for which she properly pays, on the other hand she renders services to the Imperial Government which should not be disregarded." Again, the Commission suggested that the British Government should share the burden of costs in the sphere of Defence expenditure in India as hereunder :

	£
In aid of the charge for the India Office ..	50,000
Half the military charges for Aden ..	108,000
Increased contribution to the charge of the Persian Mission	5,000
Half of the cost of the transport of troops to and from India	130,000
<i>Total</i> ..	<u>293,000</u>

This recommendation of the Welby Commission must be stated to mark the beginning of a faint-hearted attempt to lay

down the principles of allocation of fixed amounts between India and England in the sphere of Defence expenditure. As a result of the Welby Commission's recommendations, the British Government annually contributed £100,000 towards the cost of the administration of Aden, and £130,000 on account of the transport service. And, generally, the Welby Commission's recommendations, as detailed above, were more or less implemented by the British Government.

If we remember the point that the Welby Commission reported in 1900, we will not be exceptionally severe in our estimate of its work and recommendations, for the good-souled colleagues of Lord Welby, barring Sir William Wedderburn, W.S. Caine and Dadabhoy Naoroji, could not possibly see the injustice of the unconscionable exaction of monies from India for training and equipping a considerable portion of the Army, including both British and Indian elements, for constant and efficient service in Imperial interest even outside the borders of India, and felt confident that a contribution of anything ranging between Rs. 3 lakhs to Rs. 4 lakhs would possibly be considered by the people of this country as constituting "liberal treatment" in financial matters at the hands of the British War Office. And so ends the nineteenth century, but not without giving an opportunity to the "prancing pro-consul" Lord Curzon, and even to Lord Kitchener, to make India the pivot of Imperial Defence and adventure at our cost.

To show that the recommendations of the Welby Commission, as of other Commissions and Committees which preceded it, were implemented only to be set aside immediately, note must be taken of the increase in the Defence expenditure of India in the first few years of the present century. In April 1902, as a result of the grant of increased pay for the British Army, the pay of the British soldier in India was also increased by 2d. a day. In April, 1904, a further increase of from 4d. to 7d. a day was given to the British soldiers in India in terms of what was euphemistically called 'service pay', imposing on India an additional burden of military expenditure of £700,000 annually. The tabulated results of the Military or Defence expenditure, at the conclusion of this period under survey, according to Sir Edwin Collen, were as follows: the net total ordinary Military expenditure, including pensions and outlay on military works, was Rs. 17.9 crores in 1881-82, Rs. 22.6 crores in 1891-92, Rs. 23.6 crores in Rs. 25.9 crores in 1902-03, and Rs. 30.2 crores 1901-02, in 1904-05, the expenditure in the last-mentioned year representing "46 per cent of the net revenue of the Government of India." *

**Imperial Gazetteer, op. cit.*

CHAPTER II

TOLL OF FIRST WORLD WAR

"We are not here as Government to beg for England. We are merely to point out to India her opportunity".

—Sir George Lowndes, in the Imperial Legislative Council, September 10, 1918.

Formation of Army in India—Despatch of Expeditionary Forces—Political Promises and Forced Loans—Contribution to First World War in Men, Money and Material—Expenditure on the Frontier and Persia—Spiralling Post-war Expenditure—First Retrenchment Plans.

FORMATION OF ARMY IN INDIA

The Presidency Armies were abolished with effect from April 1, 1895, in accordance with a General Order of the Government of India in the Army Department No. 981 of October 26, 1894. Under this order the "Army of India" was divided into the following four Commands :

Punjab (including the North-West Frontier and the Punjab Frontier Force) ;
Bengal ;
Madras (including Burma) ; and
Bombay (including Sind, Quetta and Aden).

Each one of these Commands was placed under a Lieutenant-General, directly responsible to the Commander-in-Chief, India. The following Local Corps were under the direct control of the Government of India and did not belong to any of the four Commands:

The Hyderabad Contingent ;
The Regiments of Central India Horse ;
The Malwa Bhil Corps ;
The Bhopal Battalion ;
The Deolali Irregular Force ;
The Erinpura Irregular Force ;
The Mewar Bhil Corps ; and
The Merwara Battalion.

The composition of the Army in India, after the abolition of the Presidency Armies and the creation of the four Commands (exclusive of the above-mentioned Corps), was as follows :

ARMY OF INDIA, 1895

Command	Indian Troops			Approximate strength of Forces in the command			Total Army in India
	Cavalry Regiments	Artillery Battalions	Sapper and Miner Corps	Infantry Battalions (i.e. regiments)	British	Indian	
Punjab ..	15	5	..	37	19,109	42,384	61,493
Bengal ..	9	2	1	22	23,239	30,819	54,058
Madras ..	3	..	1 (& 1 Coy.)	32	14,669	30,405	45,074
Bombay ..	7	2	1	26	15,556	30,055	45,611
<i>Total</i>	34	9	3 (& 1 Coy.)	117	72,573	133,663	206,236

As has been mentioned in the previous Chapter, whenever there was an urge for reorganisation, it was carried through without any consideration of cost, or of a reasonable certainty that such reorganisation would endure. The Army in India must, it was ordained, move with the times, and moving with the times does not necessarily mean, as it did not actually mean during the past half a century in particular, the achievement of consistent and enduring results. An official account* frankly admits that the abolition of the Presidency Armies in 1895 was not a revolutionary measure, since "the forces in the various Commands were in fact to be localized for service in those Commands, and the Indian units included in them, did, in fact, retain the numbers and designations which they held in the old Presidency armies." Even though all the forces were brought under the direct control of the Commander-in-Chief, India, "the Commands were still as separate from each other as the old Presidency armies had been, and they included within their areas districts which had little or no connection with each other, either territorial, sentimental, racial or strategical."

The process of unification of the Army in India was again taken in hand by Lord Kitchener, who was Commander-in-Chief, India, from 1902 to 1909. Apart from carrying out numerous changes in the organisational sphere,

**The Army in India and its Evolution*, Superintendent, Government Printing, India, 1924, p. 25.

Kitchener's proposals for the reorganization and redistribution of the Army in India was communicated to the Government of India, and involved the following four principles ;

- (i) that the main function of the army was to defend the North-West Frontier against an aggressive enemy ;
- (ii) that the army in peace should be organized, distributed and trained in units of command, similar to those in which it would take the field in war ;
- (iii) that the maintenance of internal security was a means to an end, *viz.* to set free the field army to carry out its functions ; and
- (iv) that all fighting units, in their several spheres, should be equally capable of carrying out all the *roles* of an army in the field, and that they should be given equal chances, in experience and training, of bearing these *roles*.

The Army in India, just after Kitchener had arrived, was as indicated in the table on the next page.

COMBATANT TROOPS OF THE ARMY IN INDIA, JUNE 15, 1903.

	BRITISH ARMY				INDIAN ARMY			TOTAL		
	British		Indian Ranks	Total	British		Indian Ranks	Total	British Ranks	Indian Ranks
					Off- cers	Other Ranks				
Cavalry	263	5,793	..	6,056	543	..	24,311	24,854	6,599	24,311
Artillery	408	14,174*	2,558*	17,140	47	..	3,057	3,104	14,629	5,615
Sappers and Miners	..	..	..	..	70	95*	4,712*	4,877	165	4,712
Infantry	1,667	52,212	..	53,879	1,606	..	107,449	109,055	55,485	107,449
Total	12,338	72,179	2,558	77,075	2,266	95	139,529	141,890	76,878	142,087
										218,965

* Approximate.

The increases, both in respect of British and Indian personnel, over the figures of 1895, are clearly seen in the above table. The Secretary of State for India on September 1, 1904, sanctioned the carrying out of every part of Kitchener's scheme of reorganisation and redistribution "which did not involve extra expense", but when the First World War broke out in 1914 Kitchener's scheme was not completely carried out. The official account quoted earlier states: "The system of command devised by Lord Kitchener was based on the premise that the troops allotted to divisions would be concentrated within their respective divisional areas. This concentration, however, had been dependent on the readjustment of accommodation proposed by Lord Kitchener in 1904; whereas on financial grounds immediate readjustment had been found impracticable. Consequently, troops allotted both to war divisions and to internal security areas were to a large extent stationed outside their respective areas of training and duty. Under the imperfect execution of Lord Kitchener's proposals, therefore, adequate and continuous training for war was impracticable owing to the dispersal of troops. Defects of the system itself were that Army Headquarters, dealing direct with divisions, were burdened with the consideration of minor administrative detail; divisional commanders were similarly burdened with administrative work to the detriment of training for war; no provision had been made for the command or administration of internal security area troops after the departure of the field army on field service; and on mobilization, therefore, no machinery existed to ensure continuity of normal military administration in India itself." *

This is not a treatise on military tactics, but it is obvious that in order to obtain a clear grasp of the incidence of Defence expenditure, and of the progressive, almost staggering, increases which were ordained from period to period, we have not only to look into the disposition of the Army in India from time to time, but also to note the lack of purpose in the series of reorganisation schemes which were carried through since 1857. It would not be perhaps fair to suggest that successive Commanders-in-Chief did not know their business, or that successive Committees and Commissions investigating into Army organization and expenditure were incompetent. But it certainly would be valid as a deduction, based upon worked-out results and fully endorsed by reports of Committees and Commissions and Government publications,

**Ibid.* pp. 33-34.

as has been amply illustrated before, that the series of reorganization schemes which were put through were quickly defeated in their purpose. It is true that changing tactics of military warfare, new modes of military equipment, and new and exacting demands in the sphere of Britain's Imperial activities have supervened from time to time. Still, it is clear that India was saddled on with the enormous costs of these reorganisation schemes, and was made to pay, without mercy, colossal sums which were ultimately proved to be wasteful expenditure.

The following table indicates the growth of Military expenditure from 1900 to the outbreak of the First World War :

MILITARY EXPENDITURE, 1900-1914
(In crores of Rupees)

1900-01	23.21	1907-08	28.87
1901-02	24.24	1908-09	29.20
1902-03	26.45	1909-10	28.55
1903-04	27.21	1910-11	30.80
1904-05	31.04	1911-12	32.83
1905-06	29.51	1912-13	33.84
1906-07	30.25	1913-14	33.84

On the eve of the outbreak of the First World War, the actual strength of the combatant troops of the Indian Army, *excluding the British element*, was as follows:—

COMBATANT TROOPS OF THE INDIAN ARMY.
AUGUST 2, 1914

	British		Indian Parks	Grand Total Indian Army
	Officers	Other Ranks		
Cavalry ..	560	..	24,475	25,035
Artillery ..	67	..	4,093*	4,160
Sappers and ..				
Miners ..	67	159	4,722	4,948
Signals ..	22	207	375	604
Infantry ..	1,845	..	118,750	120,595
Total ..	2,561	366	123,542	126,469

* Excludes Indian Combatants of British Army

An analysis of the composition of the Army in India, including the two wings, British and Indian, at the outbreak of the First World War, will be illuminating. In 1914, the British units consisted of 36 Cavalry Squadrons, 11 R. H. A. Batteries, 45 R. F. A. Batteries, 6 Heavy Batteries, 9 Mountain Batteries, and 52 Infantry Battalions. The only additions to the British element on the Indian establishment during the War were 7 Heavy Batteries. On the Indian side, the position was very interesting indeed. There were 155½ Cavalry Squadrons, 12 Mountain Batteries, 22 Sapper and Miner Units, 5 Signal Units and 138 Infantry Battalions. During the War, 40½ Cavalry Squadrons, 14 Mountain Batteries, 56 Sapper and Miner Units, 31 Signal Units and 156½ Infantry Battalions were added to the Indian establishment. Of the Cavalry Squadrons raised, there were 3 Companies of Mounted Infantry formed from the Burma Military Police, the reason being that Burma was part of India at that time. In addition to these, the Imperial Service Units lent by the Ruling Chiefs, which were raised during the First World War, consisted of 39 Cavalry Squadrons, 2 Mountain Batteries, 4 Sapper and Miner Units, and 9 Infantry Battalions. It will be seen that the Army of India was more than doubled, both in terms of personnel and equipment, since Kitchener's time, and obviously the Indian tax-payer was called upon to make larger payments towards their upkeep.

DESPATCH OF EXPEDITIONARY FORCES

It is necessary to record here the number of units belonging to the Army in India which were sent abroad during 1914-19. They were 32 British and 160 Indian Cavalry Squadrons, 10 British R. H. A. Batteries, 50 British R. F. A. Batteries, 11 British Heavy Batteries, 3 British and 17½ Indian Mountain Batteries, 53¼ Indian Sapper and Miner Units, 15 Indian Signal Units and 72 British and 188 Indian Infantry Battalions. An examination of the statistical tables dealing with each individual unit and sections of each individual unit, both of the British and Indian components of the Army of India which saw service overseas during the First World War, would give us an overall impression that they constituted *more than half the total of the increased establishments* of the British and Indian personnel of the Army in India during those four years.

It is a moot point, and it is very difficult for one to disentangle it, as to how much of the cost of transport and maintenance of these units sent overseas *was* actually charged

to the Indian establishment, and how much to His Majesty's Government. It is, however, clear that the line of demarcation between payments from the Indian exchequer and payments from the British Government, as regards the raising, equipping, despatch and maintenance of these units—and here we have to deal with the British and Indian elements separately—was very thin indeed, with the result that numerous Commissions and Committees were appointed in the inter-war period to secure a proper allocation of Defence expenditure, both arising out of the War and in terms of the peace-time establishment. Even today it cannot be said that this allocation process had been either properly done or is satisfactory to the people of this country.

The official chronicle of the First World War indicates that 23,040 British officers belonging to both British and Indian services were sent overseas, as was also the case with 196,000 of British other ranks, in addition to officers and men who were despatched from India during the War either as complete units or as reinforcements. The Indian personnel, combatant and non-combatant, despatched in the various expeditionary forces, consisted of 13,615 officers and warrant officers, 538,724 Indian other ranks, 391,033 non-combatants, making a grand total of 943,372. I have seen some of the tabular statements drawn up by the authorities relating to the principal Ordnance stores issued from India to meet the specific demands of the War Office and the India Office, of the items of ammunition and explosives, and of the general stores supplied to Mesopotamia (now Iraq). I must say that indeed the milch-cow of India has been so very deftly milked during those four years of War, that it left behind a crop of troubles relating to the allocation of Military expenditure, to adjudicate which the Garran and Chatfield Committees had to sit during the inter-war period.

An attempt must be made here to obtain a cross-section of the official mind at the outbreak of the First World War. This naturally takes us to the deliberations of the Imperial Legislative Council, the precursor of the Council of State and the Central Legislative Assembly of the inter-war period and of the present-day. On former occasions, the Viceroy addressed the Imperial Legislative Council with but very brief and passing references to foreign affairs and the relations of India with the rest of the world. But, Lord Hardinge, anticipating the outbreak of the First World War, unburdened himself, as early as September 17, 1913, of a variety of feelings about the gathering clouds of war in Europe, and the possible

repercussions in India of developments in Turkey and Persia, two countries with which Britain had intimate relations and on account of which British policy in India took its definite shape.

Lord Hardinge very naturally referred to the decision of His Majesty's Government to keep the sovereignty of Turkey and Persia unimpaired, but he warned the Imperial Legislative Council as follows: "Now, I would like to interpolate one word of friendly warning and advice to the Mohammedan community of India, and that is, not to forget that they form part of a great Empire, and not to give an unreasonable interpretation to the idea of Islamic solidarity. I would also urge upon them, in the most friendly spirit, to do all in their power to cultivate calmness of judgment, self-restraint and breadth of view in their consideration of questions affecting the foreign policy of the Empire as a whole." The dismemberment of the Ottoman Empire, the deposition of the *Khalif* and the abolition of the *Khilafat*, and the Treaty of Sevres, which brought about Hindu-Muslim solidarity through the *Khilafat* agitation in this country, were still to be, but British policy with reference to Turkey and Persia were laid down even before the First World War broke out. That is to say, six years before the Hindu and the Muslim in India combined to pledge and strive for the preservation of the *Khalif*, British pro-consuls in India forestalled and planned for developments which were intended to break up the Empire of the Ottomans, and to keep the Mediterranean littoral a British preserve in the realm of Imperial and international politics.

Looking back, it will be seen that the Kaiser, with his project of the Berlin-Baghdad Railway, was only paying a faint compliment to British Imperialism, when he faithfully sought to imitate British policy with reference to the Middle and Near East. Looking back, again, we find that the policy of Hitler was politically and strategically identical with the policy of the Kaiser, even though it is obvious that the principal difference between the two World Wars only lies in the fact that scientific progress in 1914 was nothing compared to scientific progress in 1939 or in 1945. History repeated itself in 1939, as faithfully as any one could have imagined. The Berlin-Baghdad railway project of the Kaiser produced its inevitable counterpart in the Second World War, and this was the brilliant, but abortive, adventure of the German North Afrika Korps under Rommel, which actually, even though it was for a fleeting moment, pushed back Wavell all the way from Tobruk to the very gates of Alexandria.

The principal strategy of the First and Second World Wars, at any rate, as far as we in this country are concerned, was a rush of the Germans to reach the oil belts of the Near and Middle East, and to obtain access to the tempting plains of India, and more than anything else, the determination of the British to forestall all and sundry, and to cling to an effective policy which preserved, almost in perpetuity for Britain, a sphere of influence from Haifa to Mosul, and to prevent anybody from approaching the frontiers of India either in the West or in the East. This parallelism is not one relating only to the surface of the two World Wars, but is one which actually laid down the conditions for the fortunes of millions and millions of the people from Cairo to Calcutta. The pity of it is that during the entire course of the present century, the Orientals, *e.g.*, Turks, Egyptians, Arabs, Iranians, and Indians (Hindus and Muslims) did not see through the game of British Imperialism, but allowed themselves to be duped complacently into supplying the sinews of war to the British people, to make possible the continuance of their Empire.

I do not wish to anticipate what is to follow in this book on Defence expenditure relating to India, nor have I any wish to make it a political treatise. But I must establish one preliminary point beyond any shadow of doubt, and that is that, from the time of Lord Curzon to that of Lord Wavell, British policy in the Near and Middle East and India has been one of a continuous process of dissimulation, keeping hundreds of millions of trusting Moslem peoples under subjection, making unity impossible within their ranks, and uttering promises (*e.g.*, in terms of the national freedom of the peoples indicated above), which were only meant to be ruthlessly broken the moment the exigencies of strife or war lifted themselves up. Let me illustrate the progress of this policy with specific reference to the conduct of the First World War, the raising of military forces in India, and the allocation of the costs thereof as between Britain and India.

On September 8, 1914, Lord Hardinge, the Viceroy, read a message to the Imperial Legislative Council from the King exhorting the people of this country to remember the principle, that "paramount regard for treaty, faith and pledged word of Rulers is the common heritage of England and India." Then, the Viceroy, as President of the Legislative Council, indicated the scope for India's assistance to Britain in the military sphere as follows: "The

fact that the Government of India are in the position to help the Mother Country by the despatch of such a large proportion of our armed forces, is a supreme mark of my absolute confidence in the fidelity of our troops and the loyalty of the Indian people. I trust that this may be fully recognised in England and abroad." The Chief Executive Officer of the British Crown in India, who also happened to be the Chief Executive Officer of the "Legislature" of 1914, thus defined the scope of Britain's determination to obtain assistance from this country, and the most curious thing about this affirmation of the Viceroy seems to be that decisions were taken and executed, *e.g.*, despatch of troops from out of India for service overseas, and then communicated to the Legislature.

Taking the time spirit in the political India of 1914, and the implicit faith which Indian people had in the pledges given to them by the British Crown, it is not surprising that a resolution of the Imperial Legislative Council, which expressed India's gratitude, devotion and loyalty to His Majesty the King Emperor, was moved by the late Mr. Madhusudan Das and supported, among others, by such apostles of Indian freedom as the late Sir Surendranath Banerji and Pandit Madan Mohan Malaviya, and passed on February 24, 1915. It was Pandit Malaviya who said: "My Lord, India's loyalty to England rests not on hopes alone, but on the more solid foundations of faith." The tragedy is that these sentiments were expressed in India at a time when the *Komagata Maru* incident, (which relates to the refusal of the Canadian authorities to allow Indians to land within their territories, and the firing by the Canadian police and military on the unarmed Indian passengers of this chartered Japanese ship, which made a continuous direct voyage from Calcutta to Canada in order to fulfil prescribed immigration regulations), exploded sky-high the idea of Imperial solidarity and of the common citizenship of the subjects of the King Emperor. This incident only shows the manner in which the people of this country allowed themselves to become the victims of British propaganda for centuries together.

Another illustration of the implicit faith of the Indian people in the promises of Britain, which is germane to our study, is supplied by the resolution passed by the Imperial Legislative Council on September 8, 1915, offering financial aid to the British Government to carry on the First World War. The late Sir Gangadhar Chitnavis moved this resolution and, supporting it, Sir Surendranath Banerji referred

to "a tidal wave" of loyalty sweeping the country. Because of their inability to attend the Council, Pandit Madan Mohan Malaviya and the late C. Vijayaraghavacharya (who later became President of the Indian National Congress) supported the resolution enthusiastically, in letters to Sir Gangadhar Chitnavis and Sir William Vincent. Sir Surendranath Banerji said: "Our loyalty has sprung from the fountains of our emotions, but it has its roots also in reasoned judgment. We are loyal because we are patriotic; because we believe that with the stability and permanence of British Rule are bound up the best prospects of advancement. We believe that, under British Rule, we are bound to obtain sooner or later, sooner than later, the full rights of British citizenship, and to secure for ourselves a place, I hope an honourable place, among the free States of a great and federated Empire."

Thus, with the formal sanction of sentiments like these, Section 22 of the Government of India Act of 1858 was set aside enabling the Government of India to spend the Indian tax-payer's money towards participation in the First World War. I wonder what Gopal Krishna Gokhale, who died some seven months before this resolution of the Imperial Legislative Council, of which he was member, was passed, would have done, but, taking the time spirit, again, it was obvious that even Sri Aurobindo Ghose, if he persuaded himself to come out of his seclusion in Pondicherry, where he sought asylum and became a recluse after the soul-stirring events of 1905, would have supported it. Curiously enough, in 1942, as Hitler's progress reached the short-lived meridian, Sri Aurobindo issued a statement wishing for British Victory, even though, legally, if he ventures out of Pondicherry today he would perhaps find himself behind the prison bars of His Majesty the King!

An insight into the manner in which the authorities in India always stampeded our people into action during the First World War, as also during the recent Second World War, was afforded to us, in his own quaint but illuminating manner, by Edwin Montagu, then Secretary of State for India, in his *An Indian Diary*. On April 15, 1918, referring to the serious run on the banks in Bombay, owing to unbridled speculation in the cotton ring, Montagu wrote: "Meyer was very hysterical. He pointed out, which is quite true, that increased financial assistance by India to the war could not be considered until we knew the effects of probable convertibility [of the Rupee] which I, for one, think, would be very

serious." Then follows one of his very brilliant remarks on the financial policy pursued by the then Finance Member, Sir William Meyer: "Why, it was only the other day that Meyer was touring and calling for money for the loan, without mentioning the financial stringency. You must take people into your confidence during war time." But, of course, the man who described the Government of India as "wooden, iron and antediluvian," knew that the administration was being carried on in this country literally as a police *raj*, with the fear element predominating.

Having squeezed India beyond endurance, with reference to supply of men, material and money, the British people, during the military crisis of 1918, did not hesitate to make further demands upon our people. Montagu wrote: "Last week-end a telegram arrived from the Prime Minister, pointing out the gravity of the situation at Home and asking for assistance from India." On the initiation of Montagu, a conference of departmental heads of the Government of India was held at Simla, the Secretary of State for India himself travelling all the way from Dehra Dun to attend it. There is a passage in his *Diary* (April 16, 1918) which indicates the disgust of the Secretary of State at the methods pursued by Lord Chelmsford and his colleagues. It would appear that the Executive Council of the Governor-General decided, without any reference to costs, to raise about 400,000 men, with 100 Commissions, with provision for Indian Civil Servants to enter into the I. A. R. O. and the combing out of Europeans. Montagu proceeded: "I asked a few questions, which had this effect: the 400,000 became 500,000, a pretty considerable jump, showing the carelessness with which they had come to this decision, and I think they felt pretty well ashamed of their 'Our Day' suggestion." In another place, Montagu wrote: "Letters came pouring from India to me pledging themselves to assistance, but naturally pointing out, what I think they have a right to do, that they want commissions for Indians in the Army, and they want publication of our report." This entry was on April 18, 1918, nearly four years after the outbreak of the War, and after the holocaust of Indian troops in Mesopotamia (now Iraq), in East Africa, not to speak of Verdun, the Somme, the Marne and a host of other battle-fields, which became gory with the blood of Indian soldiers, who gave it freely and plentifully. Little knowing that the War was very soon to come to an end, people in India in 1918 still clamoured for the right to hold commissions in the Indian Army, and for constitutional advancement, which only found

partial expression in the Parliamentary Declaration of August 20, 1917.

POLITICAL PROMISES AND FORCED LOANS

It affords an interesting study to have access to the motives behind and the means of India's financial participation in the First World War. As I link up the snippets of information from the proceedings of the Imperial Legislative Council, a process which is attempted below, the reader will find that earlier affirmations of emotional loyalty of the Indian people evaporated into thin air, as the years of the First World War rolled by, and as the Indian people and their trusted leaders became aware of the lack of sincerity in the promises behind the war effort demanded of this country. It will be recalled that India plunged into the First World War with heart and soul, and that even Mahatma Gandhi recruited soldiers for His Majesty's Forces and took a hospital ship to Portsmouth, in the sincere belief that constitutional advancement in this country was implicit and possible in the declarations by His Majesty's Government. A strong sense of disillusionment came to the surface as the war years rolled on, and this is most vividly illustrated by the following account which is pieced together from the records of the period. The better method seems to be to make speakers speak for themselves.

Surendranath Banerji, speaking on the really first War Budget of 1915-16 introduced by the late Sir William Meyer observed*: ".....this war has afforded India an opportunity for demonstrating her loyal devotion to the Empire, in a manner which has produced a profound impression upon the public mind of England. The enemies of Indian aspirations have been convinced and converted. The angle of vision with regard to Indian affairs has been changed, and, in the words of Sir James [now Lord] Meston, a bright day is about to dawn in the land, when, as I hope, India will take her place as a component part of a great and federated Empire, in the full and free enjoyment of the rights belonging to that status."

Lord Chelmsford, making one of his early pronouncements as Viceroy, told the Council on September 5, 1917, as follows: "Besides the heavy burden of having to meet the needs of four Expeditionary Forces, at the same time India had to maintain the troops on her frontiers, and to conduct operations which attracted little attention at that time, but which were

*Imperial Legislative Council Proceedings, March 25, 1915.

nevertheless on a considerable scale. The Army in India has, thus, proved a great Imperial asset," and in weighing the value of India's forces, it should be remembered, they were no hasty improvisation but were an Army in being, fully equipped and supplied, which had previously cost India a large sum to maintain.

On an earlier occasion, Lord Chelmsford said (February 7, 1917): "Let me assure you that the expediency of broadening the basis of Government, and the demand of Indians to play a greater part in the conduct of the affairs of this country are not matters which escaped our attention." He asked his Councillors not "to cavil at the fact that consideration of constitutional issues" affecting India gave place to war issues for a time. A few days after this statement by Lord Chelmsford, Dr. (now Sir) Tej Bahadur Sapru (March 23, 1917) declared: "...the fact remains that new aspirations have arisen, and it is for the Government to regulate and satisfy those aspirations, and not shut their eyes to or suppress those aspirations." On the same day, Mr. (now the Rt. Hon'ble) V. S. Srinivasa Sastri said: "...let me frankly tell Your Excellency and Your Excellency's Government that we look forward to large, substantial and satisfying items of reform, consistently with their being suitable and lasting." Again, on the same day Pandit Madan Mohan Malaviya declared that "India should enjoy a measure of fiscal autonomy," and that the Imperial Legislative Council should have the power of taxation. The link up between what today is called "war effort" and the demands of Indians to be masters of their own destiny was fully established, the chain being British promises of constitutional reform, India's unstinted supply of men and money for the prosecution of the War, and India's unequivocal declaration that she must be mistress of her own politics and finances.

It was in this atmosphere that Lord Chelmsford read a message from Mr. (later the Earl) Lloyd George to the people of India, which, in part, ran as follows: "I wish, on behalf of the British Government, to express to the Government and the people of India our most sincere gratitude for the magnificent contribution which India has just made to financing the war; [reference is to the £100,000,000 free gift from the national revenues which India made to British revenues] coming in addition to the enthusiasm and loyalty manifested throughout India on the outbreak of War, and to the invaluable military services since rendered by the Indian Army,—this gift is to us a moving proof that India shares whole-heartedly

with other subjects of the Crown in the ideals for which we are fighting in this War. That India should come forward of her own accord at this crisis, and render such real and opportune assistance, is not only a source of satisfaction to His Majesty's Government, but must produce a better mutual understanding among all the races and peoples under the British Crown." This was on March 23, 1917, and on August 20, 1917, a *Gazette of India Extraordinary* was issued announcing the policy of His Majesty's Government towards India, as being "that of the increasing association of Indians in every branch of administration, and the gradual development of self-governing institutions with a view to the progressive realisation of responsible Government in India as an integral part of the British Empire". Curiously enough, this was the very same *Gazette* which contained an Army Department notification removing the "bar which has hitherto prevented admission of Indians to commissioned ranks in H.M.'s Army."

I do not think any useful purpose will be served by pursuing here the attempts made from day to day during those war years by pioneers of Indian nationalism such as Malaviya, Banerji, Sastri and others, to secure for this country equal status within the Empire, representation at the Imperial War Conferences and War Cabinets, and similar tokens of India's so-called Imperial and international status.* But these things must be remembered as something like a paltry *quid pro quo* which His Majesty's Government grudgingly conceded to this country, in substitution of the larger promises held out in the field of constitutional and political reforms, which were made the basis for speeding up India's war effort.

The financial implications of the progress of the First World War must be examined here in some detail. On March 8, 1918, Pandit Malaviya, discussing the financial statement for 1918-1919, said: "The budget is undoubtedly a war budget: war is writ large upon it from beginning to end. It is a budget which, proves, more than anything else, how closely India and the people of India have been identified with England in the mighty struggle which has been engaged during the last three years and more. It is a budget which is framed, as far as possible to do, from the point of view of helping England, so far as India can help her in carrying on this great War." Sir Tej Bahadur Sapru, following Pandit Malaviya, said that "war dominates our finances".

*For an authoritative account of these problems, the reader is referred to my book *India in World Politics*.

As the war in Europe was reaching its climax, Sir William Meyer, Finance Member, told his colleagues in the Council, on September 9 and 10, 1918, about what it meant to this country in terms of financial contributions. Moving a resolution, which he himself confessed was in an "abnormal form", he said that "this Council recognises that the prolongation of the war justifies India's taking a larger share, than she does at present in respect of the cost of military forces raised or to be raised in this country." That is to say, these costs were to be in addition to the capital grant of £ 100,000,000, and the gifts of equipment and supply of men so far made by this country. Arguing his point, Sir William Meyer said: "We want to leave the decision thereon to the non-official members on behalf of the much larger public in India, to whom we desire to appeal." Curiously enough, the Finance Member warned the country that, if the resolution was voted down by the Councillors, "on them will rest the responsibility for withholding the further aid which we desire to tender to His Majesty's Government at this crisis of the war."

This was an attitude which was not dissimilar to that displayed by the King in his message to the Delhi Imperial War Conference in April 1918, which, in part, ran as follows: "The need of the Empire is India's opportunity, and I am confident that under the sure guidance of my Viceroy, her people will not fail in their endeavours. Recent events have made the struggle in the Western Front more bitter and more intense. At the same time, the position in the East is menaced by disturbances in Asia instigated by the enemy. It is of ever-increasing importance that the operations of our armies in Egypt, Palestine and Mesopotamia should be largely sustained from India. I look confidently to the deliberations of the Conference to promote a spirit of unity, a concentration of purpose and activity, and a cheerful acceptance of sacrifices, without which no high object, no lasting victory, can be achieved."

In addition, Sir William Meyer drew upon the import of the 1917 Revolution in Russia which, he claimed, brought the enemy to the very door-step of India. The result of this was that the members of the Imperial Legislative Council were alternately cajoled and bludgeoned into acceptance of additional imposts upon this country. Actually, Lord Chelmsford went out of his way at the Delhi Conference to tell the people of India that the question of the additional demand was "a matter essentially in its sphere", and that "the question of

finance is essentially one in which we have to consult and carry with us the members of our Imperial Legislative Council."

A short *resume* of the debate on this resolution of Sir William Meyer will give us a valuable peep into the brain-caps of the members of the Legislature at that time towards War expenditure. Mr. B. N. (later Sir Narasimheswara) Sarma moved an amendment to the resolution to the effect that "provided that no further taxation is imposed, except in respect of excess profits derived during the War." He argued that his objection was that the incidence of an additional taxation of £45,000,000 sterling would be unfair to the poorer classes in India. This amendment proved unacceptable to the Finance Member, who, in his turn, sought to modify it as follows: "Provided such additional taxation, as may result from the application of the Resolution, is so adjusted as not to press unduly upon the poor, and shall be levied primarily on those who have made large commercial profits during the continuance of the War." Sir William Meyer further declared that, "if the Resolution is rejected, it will make a great difference to the feelings with which India is regarded in England."

The threat which always preceded the promise of Britain to India, whenever Britain wanted to get things done, was, thus clear. When Sir Narasimheswara Sarma rejected the revised edition of his original amendment, Lord Chelmsford as presiding Officer of the Council, gave special permission to Mr. Srinivasa Sastri (who was still to become the silver-tongued orator of the Empire, Privy Councillor and Companion of Honour, for services rendered after the Treaty of Versailles) to move a further amendment recommending that India should shoulder expenditure involved in the Resolution moved by Sir William Meyer, subject to the safeguards and assurances given. Perhaps, this was one of the most notable occasions on which the Imperial Legislative Council went into a heated atmosphere. Pandit Madan Mohan Malaviya, objected to what were then called "extraordinary pensions", the service share of similar charges relating to British troops sent out to this country being charged to Indian revenues. He hoped that the revenues to be raised under this Resolution of the Finance Member should be considered a part of the £100,000,000 sterling free gift, of which on that date only £60,000,000 were raised.

Sir William Meyer replying to the debate stated that, even though ways and means to raise taxes should concern the executive, "the procedure we have introduced in connec-

despatch of these forces represented a greater sacrifice on the part of India than the mere numbers imply, for the troops—with the exception of formations stationed on the North-West Frontier—were those most ready for War. In addition to this, a maximum force was despatched to East Africa for the protection of the Zanzibar and the Mombasa Nairobi Railway, and an Infantry Brigade (later increased to a complete Division after declaration of war with Turkey) to the head of the Persian Gulf for the protection of the Abadan pipe line. Six Infantry brigades, one of which was composed of the Imperial Service Troops supplied by the Indian States, and one Imperial Service Cavalry Brigade were sent to Egypt". The total strength of the troops sent abroad from the Army in India was 23,500 British and 78,000 Indian ranks which, to quote the language of the memorandum again, constituted "a contribution considerably in excess of the maximum, as explained above, the Government of India had suggested as possible even in circumstances of special urgency". In addition to this, all but nine of the regular British Infantry battalions in India and the bulk of the regular Horse, Field and Heavy batteries were sent to England, to facilitate the expansion of the army in that country. To replace them, India received 29 territorial field batteries and 35 territorial battalions.

Replacements cost money, and on the financial inequity of this process, the memorandum says: "The exchange was an unprofitable one for India and involved considerable risk: for the territorial units were inadequately equipped,—they were armed with an old pattern rifle and no maxim guns; their battery consisted of four instead of six guns each, and the guns themselves were of an obsolescent pattern. During the first four months of this war, the Army in India was reduced by 21 regiments of Cavalry, 204 Mobile Guns, and 69 Battalions of Infantry, leaving only insufficient forces to fulfil the role for which they were originally created". The memorandum continues: "Events justified the risk, for no serious disorder occurred then within or beyond the borders: but the risk was nevertheless a big one, and must be taken into account in assessing India's contribution in the early stages of the war".

The approximate quantities of rolling stock, etc. sent out of India during the First World War was as follows :

(a) Wagons	5,502
(b) Locomotives	237
(c) Other Stock	493
(d) Rails	1,886 track miles.

It was stated that "the proposed general basis of valuation of the above for the purpose of recovery from the War Office is the cost of replacement, less an advance allowance, representing the depreciation of the material before despatch : pending settlement of actuals for determining the final valuation of the above, interim payments have been authorised."*

During the course of the First World War, India's soldiers fought in such widely spread out theatres as France, Belgium, Gallipoli, Salonika, Palestine, Egypt and the Sudan, Mesopotamia, Aden and the Red Sea littoral, Somaliland, from the Cameroons to East Africa, North-West Persia, Kurdistan, South Persia, the Gulf of Oman, the whole length of East Persia and the North-Western and North-Eastern Frontiers of India. It was estimated that India supplied 1,302,394 personnel, 172,815 animals and 3,691,839 tons of supplies and stores. The official memorandum records the fact, that, in regard to supplies, India was responsible throughout the War for the provision, either from India herself or from overseas, of everything required for troops in Mesopotamia, both British and Indian, though the assistance of the War Office had to be obtained in procuring certain special items. India provided also all the foodstuffs demanded by the Indian troops serving in East Africa, Egypt, France and Salonika. One curious point about the feeding of the forces supplied by this country, at the time of the First World War, was that a Government, which was so far only used to supplying rations to the British garrison of 75,000 men, leaving the Indian soldier to feed at his own expense under regimental arrangements, was, by the time the War reached its close, obliged to ration one million men, besides making large shipments of foodstuffs to assist Allied troops and civilians in the Mediterranean.

An assessment must be made now to indicate the importance of the departure in regard to financial payments from the Indian end to the Exchequer of His Majesty's Government, and the actual costs of the First World War to India, either directly or indirectly. Section XXII of the Government of India Act of 1915 prescribed that, except for preventing or repelling actual invasion of this country, the revenues of India shall not, without the consent of both

* Sir George Barnes answering Sir Manekji Dadabhoy, *Council of State Debates*, February 16, 1921.

the Houses of Parliament, be applied to defray the expenses of any military operation carried on beyond our territorial borders. The old Imperial Legislative Council, loyally and with remarkable rapidity, passed a resolution after the outbreak of the war, on the motion of a non-official Indian member, to the effect that the people of India would, in addition to the military assistance now being afforded to India by the Empire, wish to share in the heavy financial burden imposed by the War on England. The Government of India were also requested to take this view into consideration and to convey the sentiments of the people of this country to the King and his Government !! The official memorandum, which was quoted earlier, gives on this point a curious insight into the calculated spoliation behind all these arrangements, and into the stage-managed offer of help by the Imperial Legislative Council, and indicates that the Viceroy, while forwarding the resolution to London, "pointed out that India was bound to suffer financially through the falling off of customs revenue receipts. India could ordinarily have asked the Home Government to bear the whole cost of the Expeditionary Forces, and could thus have effected counter-savings." The Viceroy felt that this viewpoint would not be sustained by the people of India, in the light of the above resolution of the Imperial Legislative Council !! The result was that the Government of India expected that such portion of the cost of the Expeditionary Forces, as would have fallen upon herself, had the troops continued to remain within our borders, should be borne by the country even when they went abroad. The essential inequity of this facile view of India's needs and capabilities is obvious, but it must be remembered that troops were recruited and sent abroad in numbers far out of proportion to the then existing complements of the Army in India, and that their expenses were charged to Indian revenues.

This "voluntary" offer resulted in two resolutions being passed in September and November 1914 permitting the payment of the contribution from Indian revenues. One resolution was to the effect that the Legislature "consents that the ordinary pay and other ordinary charges of any troops so despatched, or that may be so despatched during the continuance of the War, as well as the ordinary charges of any vessels belonging to the Government of India that may be employed in these expeditions, which would have been charged upon the resources of India if such troops or vessels had remained in the country, or seas adjacent, shall continue to be so chargeable, provided that, if it shall be necessary to replace troops or

vessels so withdrawn by other vessels and forces, then the expense of raising, maintaining and providing such vessels and forces shall be repaid out of any monies which may be provided by Parliament for the purposes of the said expeditions." Small wonder, that this cumbersome resolution became the starting point of a series of headaches to the Finance and Military Departments of the Government of India in the inter-war period, resulting in the appointment of the Capitation Tribunal, the Chatfield Enquiry, and the series of financial settlements which were entered into between India and Britain during the six years of the Second World War.

This is the place to bring together the various items of additional financial contribution made by India as a result of the First World War. I must state that these accounts are not complete or comprehensive, and most times overlap or even contradict each other. They are listed here only to show the nature and extent of India's payments for the prosecution of the First World War.

Under the Parliamentary resolutions of September and November, 1914, the contributions were £26·4 million sterling to the end of 1919-20. The voluntary special contribution of £100,000,000 sterling, accepted by the House of Parliament on March 14, 1917, was charged to Indian revenues to the extent of £78,000,000 represented by the war loans of 1917 and 1918, the balance being taken over by the Government of India as "the liability for interest on an equivalent amount of the British Government war loan." A resolution of the Imperial Legislative Council in September 1918 was responsible for the following additional payments :

- (1) with effect from April 1, 1918, the ordinary pay and other ordinary charges of 200,000 Indian troops in excess of the normal garrison, and, with effect from April 1, 1919, a further 100,000 men ;
- (2) the cost of certain war allowances in the shape of initial gratuity and recurring bonus which was granted to Indian troops with effect from June 1, 1918, so far as it refers to the normal garrison of Indian troops and the additional body of troops referred to in the above clause ;
- (3) the cost from April 1, 1917, of the temporary accommodation provided for additional Indian troops raised during the war ;
- (4) the cost of the European section of the Indian Defence Forces raised during the War ; and

- (5) certain non-effective charges in respect of
- (a) British and Indian troops despatched from India for service in connection with the War ; and
 - (b) British troops employed in the war who, though not despatched from India, previously served in this country.

Under the resolutions of 1914 these charges should have been borne by His Majesty's Government. But under all these heads a contribution of £12·7 million was made in 1918-19, and £8·7 million in 1919-20, at the rate of 16d. to the rupee. The official account dealing with this runs as follows : "As a portion of this contribution which relates to the expenditure in India will be credited to His Majesty's Government at the rate of 18d. to the rupee, the true amount of the additional contribution will be about £13·6 million in 1918-19, and £9·6 million in 1919-20,"—a mathematical process of mulcting the people of this country through unfair exchange and currency manipulations, on which no elaborate comment is needed. The loot which Britain collected from India was never as bare-faced as that collected by the Huns of History, but one must pay a tribute to the subtlety with which Britain sought to discharge her responsibility to the "moral and material well-being of the people of India". More than this, the official ingenuity characterising the above paragraph is hardly to be beaten in any State document, either of this country or of any other country in the world.

The total *net* direct contribution from Indian revenues towards the expenses of the last Great War must be classified under different heads. It amounted to £160,000,000 in respect of pensionary charges, "the liability for which has been assumed by the Government of India." There are several other contributions made, or expenses incurred, by the Government of India, on account of the situation arising out of the last Great War, and which had not been properly estimated, tabulated and brought into a grand total, for the reason that they were either added on to the civil Budget under one head or another, or were borne by Provincial and State Administrations. I cannot possibly give a complete account of these additional contributions, and charges, but for the sake of illustration a few items under this category will have to be mentioned, to indicate the scope and range of this type of contributions :

- (1) Additional measures for the protection of North-West Frontier (1918-19) .. £3,100,000

- | | |
|--|----------------|
| (2) Measures for the protection of sea coasts
and ports from enemy attacks, and mine
sweeping operations in Indian waters .. | £
1,400,000 |
| (3) Part of cost of Aden operations borne
by Indian revenues .. | 1,100,000 |
| (4) Censor staff and expenses of internment
of hostile elements (till end of 1919) .. | 100,000 |

According to British estimates, the total net Military expenditure for the year 1914-15 (the highest of the average of the preceeding six years) was £20,500,000, and the average for the five war years ending 1918-19 was £24,300,000. The cost of increased pay to British troops sanctioned by His Majesty's Government, with effect from September 29, 1917, cost India £600,000 a year, and further temporary increases in payments to British troops and British officers, in the form of weekly bonuses sanctioned from February 1, 1919, added an extra charge of over £2,500,000 a year to this country. A grant of free rations to all Indian ranks of the Army in India, and the increases in pay to officers, and non-commissioned officers, which came into effect from January 1, 1917, cost us £400,000 a year. In addition to these, increased expenditure was incurred upon improved hospital accommodation for Indian troops in India, provision of motor ambulance in the place of the old bullock ambulance carts, provision of mechanical transport, armoured cars, armoured trains, machine guns, motor ambulances, aircraft, etc., and an estimate of £2,250,000 by the end of 1918-19 was made for these categories of additional expenditure. The introduction of mechanical transport, which led to the improvement of Frontier roads, was estimated to have cost £800,000 by the end of 1918-19.

There is an item of expenditure connected with the political situation in Persia, which was created by the intrigues of German and pro-German agents, necessitating vigorous counter-measures in defence of "local" Indian interests, and to prevent Persia actually coming into war with Britain and, by implication, India, which would have had, in the language of the official memorandum, become "a consummation which could only have had a disastrous effect on Afghanistan and the Middle East generally." The counter-measures undertaken included "cash subsidies to the Persian Government and the Shah," a so-called *moratorium*, and the raising of an Iraqui-Persian military force. The organisation of the South Persia Rifles resulted in a charge

on our revenues of £2,000,000 to the end of 1918-19, and India's share in other items of abnormal expenditure, with reference to Persia, amounted to £674,000 up to the end of 1918-19, with an additional further outlay of £500,000 in 1919-20. It must be remembered that it is extremely difficult to unravel the tangle of financial accounts dealing with India's burdens in respect of the Middle East during the five years of the First World War, and in any case, it is impossible to arrive at even a faint approach to the sum total of funds expended from out of Indian revenues towards bringing these Near and Middle Eastern countries from a war to a peace footing.

A word must be said here about the contribution made by the Ruling Chiefs and Rulers of independent States such as Nepal, which amounted to £21,00,000, towards the general expenses of the War. In addition to special contributions earmarked for the maintenance of Imperial Service Troops on field service, the provision of motor ambulances, aeroplanes and mechanical transport, the purchase of horses, the upkeep of war hospitals, etc., amounted to £800,000. The provision of the fully-equipped hospital ship "Loyalty", and other gifts in kind given by Indian India involved an additional amount of £2,00,000. Apart from these, the Rulers have rendered numerous miscellaneous services, the money value of which it is impossible to estimate, in connection with the expansion of the organisation of their Imperial Service Troops so as to meet war conditions, and the grant of concessions, including pensionary privileges similar to those granted in Indian Provinces, to State subjects comprising these troops and their dependents.

One or two other items of expenditure incurred by India must be noticed here, in order to get an adequate picture of the contribution made by this country towards the financing of the Imperial Defence expenditure. To the end of 1918-19, a sum of £217,000,000 constituted the assistance given to His Majesty's Government for financing Imperial expenditure, and an additional amount of £40,000,000 was spent in 1919-20. These sums were ultimately repayable by the War Office, but their immediate provision meant a considerable strain on the resources of this country. It must also be noted that out of the funds repaid in London against expenditure undertaken on behalf of the War Office in India, Mesopotamia and other countries, a considerable portion was reinvested in British War Securities, which by the year 1918-19 represented a sum of £75,000,000, being investments in British War Securities.

from the Secretary of State's balances and the paper currency and gold standard reserves, which incidentally supply us with a parallel to the enormous sterling balances accruing in London these days, as backing to the millions and millions of paper currency notes printed and circulated in this country during the last six years. It was estimated that against £9,300,000 of the paper currency reserve before the outbreak of the First World War, by the end of February, there was an amount of £66,000,000.

The following table illustrates the manner in which India's Military expenditure stepped up at this period :

MILITARY EXPENDITURE, 1914-20.

(In crores of rupees)

1914-15	30.80	1917-18	43.56
1915-16	33.39	1918-19	66.72
1916-17	37.48	1919-20	86.97

Two outstanding results of the First World War in the sphere of India's Military finance or Defence expenditure must be examined. In the first place, there was "a marked acceleration of India's progress towards a higher and more costly standard of military equipment", which had led to considerable additional expenditure on measures of defence against external aggression and internal disturbances. Secondly, even as against the dominant consideration that India was a poor and backward country, "it has been necessary to impose what for India is a large amount of additional taxation to meet the bulk of the contribution and the deterioration in her financial position which war conditions brought about." A despatch of the Finance Department of the Government of India dated July 23, 1914, indicated that the percentage of Defence expenditure to net public revenues in the United Kingdom was 43.9, in India 35.8, in the self-governing Dominions 12.7, and in the Crown Colonies and Protectorates 8.1, while for the whole Empire it was 38.02. The official memorandum, quoted earlier, says that there could be "no real comparisons between the contributions made towards the cost of the War by dependencies, such as India enjoying only restricted privileges of membership in the Empire, and that made by the great self-governing Dominions enjoying full membership and fiscal freedom." India had for many years before the First World War maintained a large and expensive Army, which had meant the expenditure of

establishment at the outbreak of the War, and the actual cost of the territorial forces which replaced them. This amount does not, however, appear in the accounts !!

India's cash contribution of £100,000,000 was adjusted as follows :

(1) By transferring the proceeds of Indian loans to His Majesty's Government during 1917-18 to 1919-20.	£77.28 million
(2) By purchasing stock out of annual Sinking Funds payment between the years 1917-18 to 1922-23.	£3.02 „
Balance to work up to £100,000,000.	<u>£19.70 million</u>

It was arranged that this balance of £19.70 millions should be reduced by uniform annual payments of £1,428,000 (interest and sinking funds combined) for the period of 1923-24 to 1946-47 !! This annual payment was calculated at the rate of interest of 5 per cent per annum !!! The other sums of £46,803,000 was adjusted as follows : that of £33,203,000 was accounted for by reducing the Government of India's claim for expenditure recoverable from His Majesty's Government in each year from 1914-15, and that of £13,600,000 was similarly accounted for in 1917-18. Taylor promised that the question of reduction of our war contribution was "under examination".

Other points of interest arise from an examination of this statement of the Finance Secretary on the War contributions of India. In the first place, the difference between the normal cost of British troops withdrawn from the Indian establishments at the outbreak of the War and the actual cost of the territorial forces which replaced them, was not stated by him even four years after the conclusion of the First World War. To say the least, this was an extraordinary state of affairs relating to Defence expenditure and the allocation of that expenditure between His Majesty's Government and the Government of India. Additional to this, there is the point that the contributions made by the Princes of India, which certainly must be considerable, were not included in the total estimates of India's contribution towards the prosecution of the First World War. The third point is that for a decade and a half interest at 5 per cent per annum,

which easily puts a *Kabuli* money-lender to shame, was charged upon the balance of payments which was converted into annuities during the period 1923-24 to 1946-47. This is a position which is extraordinary, and certainly does not reflect credit upon the people entrusted with the administration of the revenues of this country, or on His Majesty's Government. As will be seen at a later stage in this book, the sordid story of capitation charges finds itself reflected even in regard to the payment of a gift of money from Indian revenues, to which an exorbitant rate of interest was attached, even after other huge sums of money were expended ostensibly for the benefit of India and for the demonstrable advantage of Britain. Why this muddle was allowed to continue we cannot understand, but I do know that it is the part of the Imperial game to make confusion worse confounded. For, otherwise there cannot be any meaning to this critique of India's Defence expenditure, in which the original sources and actors are made to speak for themselves.

The financial adjustments imposed upon this country in respect of Defence expenditure and the despatch of troops from India for service abroad, particularly with reference to the War of 1914-18, was one of the most important elements in the evolution of the Defence expenditure policy pursued by the Government of India at the behest of London. The Parliamentary resolution of September-November 1914 ran to the effect that "the War Office should meet the full actual cost of the troops despatched from India, receiving in reduction of these charges sums estimated to represent what the troops might have cost if they had remained in India." Under these arrangements an extraordinary expenditure of £370,000,000 was expeditiously saddled upon this country and adjusted.

In addition to this block adjustment of the demand upon this country, there were several items of expenditure to which India was rendered chargeable, and which were left unsettled. In the matter of casualty pensions, a demand of £4,000,000 sterling was made by the War Office, as India's share of the pensions granted to officers of the British Services disabled or dead in the War, but who had previously served in India. Historically speaking, this claim was based upon an old agreement of 1870, and the India Office only offered to hand over to the War Office the pensionary savings amounting to £5,500,000; instead of the £40,000,000 demanded by the latter.

EXPENDITURE ON THE FRONTIER AND PERSIA

The manner in which the spokesmen of the Government of India always tried to evade public pressure in this country for precise and adequate information about Defence expenditure, and about expenditure dealing with adventures beyond our frontiers, is illustrated by the following reply of the Commander-in-Chief in 1934 in the Council of State in answer to a question dealing with the Third Afghan War:*

- “(a) Separate information is not available. The net cost of operations undertaken on the North-West Frontier in 1919 (including the Third Afghan War) amounted to about Rs. 31 crores.
- (b) As regards Waziristan, separate figures were not compiled for the year 1919. The cost for that year is included in the figure given under (a). For the years 1920-24 the cost was about Rs. 24 crores.
- (c) The net expenditure on operations on the North-West Frontier from 1895-96 to 1915-16 amounted to Rs. 7.87 crores” [sic].

Other occasional glimpses are available of the costs of “Defence” expenditure, euphemistically so-called, and here is an account relating to the First World War period on account of the Frontier operations†:

EXPENDITURE ON NORTH-WEST FRONTIER OPERATIONS

(1914-15 to 1919-20).

			Rs.
1914—15	..	..	6,86,000
1915—16	..	..	44,11,000
1916—17	..	..	72,11,000
1917—18	..	..	1,70,07,000
1918—19	..	..	1,56,78,000
1919—20	..	..	24,06,19,000—(including the
			cost of Third
			<i>Total</i> .. 28,56,12,000 Afghan War).

*The Commander-in-Chief, answering Hussain Imam, *Council of State Debates*, September 5, 1934.

†Sir William Vincent, answering Rai G.C. Nag Bahadur, *Legislative Assembly Debates*, February 23, 1922.

Then, there is another interesting item of expenditure charged to Indian revenues during the period under discussion, this time in relation to Aden:* "No expenditure chargeable to Indian revenues, that is to say, no expenditure not recovered from His Majesty's Government has been incurred on operations in Mesopotamia, Palestine or Egypt. No portion of the expenditure on operations in Arabia has been met from Indian revenues, excepting the cost of those connected with the Defence of Aden. A moiety of the expenditure on Aden operations has been charged to India under a long-standing arrangement, which is based on the recommendations of the Welby Commission." The expenditure on this account charged to India since 1915 had been as follows :

EXPENDITURE ON ADEN

1915	..	Rs. 10 lakhs
1916	..	" 53 "
1917	..	" 45 "
1918	..	" 50 "
1919	..	" 43 "
1920	..	" 49 "
<i>Total</i> ..		<u>Rs. 250</u> "

A demand for the payment of a sum of £12,500,000 was made on this country in respect of expenditure in South and East Persia during the years 1919-21, as the expenditure of the Persian Mission. The contention of the British authorities was that India should pay one half of the whole cost of the Mission, and the dispute was referred to a Committee of the British Cabinet. Two other demands were also made on this country in this respect, involving individual items of £40,000,000 and £13,600,000, and when India protested, these were referred to an inter-departmental Committee presided over by Mr. (now Lord) Baldwin, the then Financial Secretary to the British Treasury. These Committees could not, however, come to any agreement, with the result that the matter was left pending till 1921. Lord Peel made it emphatically clear, in a letter dated May 13, 1922, that any forced settlement of this claim would be resisted and resented by the Indian Legislature, and that a settlement could only be reached on an enduring basis with the consent

* E. M. Cook, answering Maharaja Sir Mahishchandra Nandy, *Council of State Debates*, February 14, 1921.

of the Government of India and the Indian Legislature. The viewpoint was put forward by the Government of India that there would not have been the contribution of £100,000,000 sterling from this country towards the defrayal of the cost of the First World War, if India felt, or imagined even, that additional claims, such as those indicated above, would be advanced by His Majesty's Government after the conclusion of hostilities, but it proved to be a vain argument and a fight which became lost even before it was started.

These were the days of incipient Indian nationalism, and the Central Indian Legislature, in the first flush of its Parliamentary opportunities, made bold to take up the attitude that, in all matters relating to the apportionment of financial liabilities between His Majesty's Government and the Government of India, and, more so, whenever this apportionment was in dispute, no decision should be taken unilaterally by His Majesty's Government without its own previous sanction. The viewpoint was further put forward that, if at all arbitration was resorted to, the arbitrators should be the Premiers of the Empire. Apart from the demonstrative value of these protests and arguments, very little was achieved in respect of India's just rights and claims, and Britain took out of India what she wanted, on the basis "awards" and adjudications by Committees and Commissions, which were appointed by His Majesty's Government, and which were either entirely or predominantly British in composition.

We have seen how sedulously the nostrums about Imperial Defence and the pivotal character of India's place in it—ostensibly in her own interests and for her own benefit!—have been foisted upon this country during the long and chequered history of Indo-British connection. The employment of Indian troops abroad had been there, and, in recapitulation, we can remember such landmarks as the Egyptian incident, the Boxer trouble and the Boer War of the closing days of the last century, and intervention in China even as late as 1927. In the old days, it was the practice of the British tax-payer to defray the cost of troops sent out from this country for Imperial services overseas, with the result that such despatches of drafts from the Army in India constituted more or less a saving for the time being to the Indian tax-payer. The First World War, however, resulted in a departure from this hallowed practice.

The manner in which His Majesty's Government put forward its contention is very eloquently brought out by the Indian Statutory Commission, popularly known as the Simon

Admiralty made a further attempt in 1908 to raise this contribution to £330,000, and again Mr. Morley's advocacy of India's case frustrated it. Five years later, on the eve of the outbreak of the First World War, the Admiralty made a further proposal that India should undertake the protection of her own trade in the Persian Gulf, the Arabian Sea and the Bay of Bengal, to enable which she was asked to provide for the construction and maintenance of a naval squadron. The initial cost of this scheme was estimated to be £500,000 a year, but the outbreak of the Great War was responsible for the dropping of this proposal altogether. We have seen in the first Chapter what some of the members of the Welby Commission wrote in 1900 in this regard, and mention of this frustrated move of the British Admiralty here only shows in an unmistakable manner the cardinal lines of approach for Britain to mulct India at every step, in the *regime* of Imperial responsibility and Indian "needs," which was imposed upon us for successive decades in the past.

The following shows the disposition of the Army in 1918 :

COMBATANT TROOPS OF THE INDIAN ARMY,
NOVEMBER 11, 1918.

	I N D I A N A R M Y			
	B R I T I S H		Indian Ranks	Grand Total: Indian Army
	Officers	Other Ranks		
Cavalry	975	..	52,277	53,252
Artillery	166	..	10,469	10,635
Sappers and Miners ..	342	365	22,556	23,263
Signals	193	2,930	7,120	10,243
Infantry	5,422	..	470,669	476,091
<i>Total</i>	7,098	3,295	563,091	573,484*

*Exclusive of Indian Combatants in British Artillery and British Machine Gun Companies.

SPIRALLING POST-WAR EXPENDITURE

The approximate charge per head of population of military expenditure, on the basis of the costs of defence services, including services connected with the war, Frontier operations and other special services, works out as follows*:

Year.	Total Rs.	Per head of population
1914-15	30,65,23,730	1.25
1918-19	66,72,08,582	2.70
1920-21	81,75,37,319	3.30
1922-23	65,27,00,000†	
1923-24	56,23,00,000†	
1924-25	55,63,00,000†	

A curious anecdote relating to India's war expenditure in the First World War must be related here, in order to show what we gave and what we got. In January 1946, it was announced by India's delegates to the Reparations Conference, at which a settlement was made on the manner in which the reparations obtained from Germany after the conclusion of the Second World War were to be distributed, that a sum of 2.9 per cent of the reparations available to the world, whatever this percentage might represent, was allotted to India. Going back to the 'twenties of the present century, it will be seen that members of the Central Assembly were as keen upon obtaining a due share for India of reparations from countries with which India was compelled to fight in 1914-18. Dr. (now Sir) Tej Bahadur Sapru, as Government spokesman, announced, on February 22, 1921, that the Secretary of State for India would prefer the claim of this country, under categories 1 to 4, 6 to 8, and 8 to 10 of Annex 1, Section 1, of Part VIII of the Peace Treaty, in order to obtain her proper share in the 22 per cent of German indemnities allotted to British Empire at the Spa Conference. Sapru, questioned again a month later (March 14, 1921), said that the Government of India got 1.20 per cent of the allot-

*The late Sir Basil Blackett, in reply to a question by Sir Purshotamdas Thakurdas, *Legislative Assembly Debates*, February 1, 1924.

†These figures are taken from a statement in the Legislative Assembly on January 25, 1926, and incorporated above for purposes of comparison.

ment of reparations from Germany to the British Empire, as compared to 4.35 per cent each which Canada and Australia received according to the agreement reached at the Imperial Conference. This ratio was specifically in proportion to the expenditure incurred by each of individual countries of the British Empire towards the prosecution of the First World War. Sir Tej Bahadur further told the Legislature that Indian representatives at the Imperial Conference "had information as to the actual sum by which it was estimated that India would eventually be out of pocket under the Agreement, for which Germany agreed to pay reparations in the Treaty of Versailles." On September 21, 1921, it was announced that Government of India claimed an official and private indemnity of Rs.80,75,047 against Germany, and that the Government of India have some reason to believe that the amount of £17.4 million which has been allotted by the Imperial Conference held in London to India, as her share of the total amount due from Germany, was, on the calculations made in Britain, in excess of the actual sums by which India would eventually be out of pocket under the heading, for which Germany admitted in the Treaty of Versailles her liability to payment of reparations. And, no other part of the Empire, it was averred, had obtained a similar proportion.

On January 29, 1929, Sir George Schuster told Dewan Chaman Lal in the Central Assembly that the total reparations received by India up to that moment was £7,17,391-7-6. The claims of Indians against German East Africa, now known as Tanganyika, which were estimated to be about Rs. 2 crores (Legislative Assembly, February 9, 1922), and the question of compensation for German currency held by a considerable number of Indians in that part of Africa (Legislative Assembly, September 14, 1927) were never satisfactorily settled. And Sir Darcy Lindsay, Leader of the European Group in the Central Legislative Assembly, expressed his dissatisfaction at the nonchalant attitude adopted by the Government of India, by declaring that "the Government of India, in looking after the interests of its people, can give very great assistance in this matter." (Legislative Assembly, January 26, 1926). Looking back now twenty-five years after the principle of equality of sacrifice was coined by President Roosevelt in 1944, for the purpose of securing maximum equitable contribution, by the United Nations to the pool which was needed for the defeat of Hitler and Japan, this theory of "out of pocket" expenditure to be made good by Germany, as far as India was concerned in 1921, looks extremely ridiculous. This, in any case, was what India got for Kut-el-Amara, the Marne and Verdun.

FIRST RETRENCHMENT PLANS.

Before I close this Chapter, a statement must be made of the position of the Army in India prior to 1921, and about the expenditure thereon. After the Montford Reforms were inaugurated, the costly failure of Kitchener's Army Reorganisation scheme, noticed earlier, did not prevent the Government of India and the Army Headquarters from carrying out further reforms in the organisation of the Army in India, in the light of the experience gained in the First World War. The four principles of reconstruction, which animated the Defence authorities in India, were stated to be as follows :

- (a) an improved system of Command and distribution of troops;
- (b) a proper balance between combatant and ancillary services;
- (c) the organisation and equipment of the Army in accordance with modern European standards; and
- (d) the maintenance of machinery in peace to provide for reinforcements and rapid expansion in war.

It was stated that, though *morale* by itself was a determining point in battle, "in modern war the utmost gallantry is unavailing in the face of marked superiority of armament. In warfare with a savage or semi-savage enemy there is equally strong justification for the use of modern equipment. An enemy of this character has certain advantages on his side, which it is necessary to counterbalance or outweigh by scientific weapons of war. Efficient equipment saves money and men's lives. These were the primary considerations leading to the decision that the Army in India should be provided with armament similar in character to the armament of Western armies; but in carrying out the decision, it was found practicable, in Indian conditions, to adopt a lower and more economic scale of provisions." I do not think that we in this country can possibly accept this statement of the position* facing the Army authorities in India after the conclusion of the First World War, at any rate as regards the claim of lower and economical expenditure being involved, *pari passu* India's previous Defence budgets. For, the official document laying down this principle, in the next sentence observes as follows: "The Defence of the North-West Frontier being the primary role of the Field Army, the scale and nature of its equipment require to be adapted to operations in a terrain possessing certain marked characteristics, of which the most important is the relative deficiency of first-class communications. . . . It

**The Army in India and its Evolution*, p. 43.

is probable that, in repelling any considerable aggression, pack transport would still have to be employed, and this means long unwieldy transport columns, unless a balance is carefully struck between a high scale of equipment and a high degree of mobility. The military strength of the probable enemy, in particular the nature of his armament and the disadvantages to which he himself is exposed, also require to be studied. On the basis of these considerations, a scale of mechanical equipment has been adopted for the Army in India, below that accepted in the British Army."

I need not here pursue this point in its technical aspects, *e.g.*, the issue of automatic weapons, heavy and light machine guns, *etc.*, to the Army in India detailed to duty on the Frontier, but two or three observations must be made on the principles involved in this machanisation and mechanical equipment of the Army in India after the Treaty of Versailles.

At a later place evidence will be collected to show the colossal drain in money and men, which annual, almost seasonal, military operations on the Frontier have cost this country during the inter-war period. I am not pretending to suggest that the people across the border, in the No Man's Land and beyond, to the North-West of this country, were or are peace-loving denizens of the world, but it is seriously suggested that, perhaps in the subtlest manner imaginable, though no less ruthless in its methods, the British Government had always made sure that operations on the Frontier gave battle experience to the buck privates sent out to this country as the predominant portion of the British element of the Army in India at any given date. The official publication quoted above seeks to justify the use of modern armaments of war against the tribesmen across the Frontier, and in the same breath seeks justification for increased Defence expenditure, on armaments comparable to those of the European armies as existed in 1918. Again, it seeks to suggest that the total outlay on these armaments was certainly economical, compared to European standards, for the simple reason that the difficulty of the terrain and the lack of roads rendered pack transport obligatory, with the result that the total cost to India was smaller than it would have been otherwise.

Retrenchment was inevitable in the light of what was written concerning the position of Defence expenditure in and after the First World War, Till

the First World War, the emphasis of the Military authorities in India had always been on the re-organisation and increased efficiency of the Army in India at any given moment. The last attempt to secure this efficiency, in relation to the obligations of the Army in India to the British Empire, was in 1912, when the Army in India Committee, under the presidency of Field Marshal Lord Nicholson, was appointed. Even though this Committee finished its enquiry early in 1913, no action was taken on its recommendations before the outbreak of the First World War. Three years after the conclusion of the Peace Treaty, the finances of the Government of India were in the doldrums, and for the first time in the history of the Army in India, the word "retrenchment" came into the vocabulary of the Defence authorities.

The Retrenchment Committee, presided over by Lord Inchcape, was appointed in 1922 to bring about an immediate reduction of expenditure in India, including expenditure on the Defence Services. An official publication* of this period wrote as follows: "In the economic conditions prevailing in the years immediately after the War, the cost of an Army, organised and equipped on standards deduced from the experience of the War, was greater than India could reasonably afford. From the purely military point of view, of course, retrenchment was unwelcome. But it was satisfactory that the pruning knife of the Retrenchment Committee was applied to an organisation which by that time was, in conception at any rate, complete in its several parts." Again, "the Government of India had recognised for some time prior to 1923, that, in the financial situation following upon the Great War and its aftermath, it was impossible for them to continue an annual allotment of Rs. 67½ crores for the Service of their Army and Air Force."†

After the Inchcape Committee has reported, there was a small reduction of the Army in India, as will be seen from the following table :—

ARMY IN INDIA

(1914—1923)

Year	British Ranks	Indian Ranks	Total
1914	.. 75,366	158,908	234,274
1923	.. 57,080	140,052	197,132
Reduction ..	18,286	18,856	37,142

* *Ibid.* p. 36.

† *Ibid.* p. 184.

In addition to minor tinkering by the Army authorities themselves with Defence expenditure, the recommendations of the Inchcape Committee demanded automatic savings from fall in prices or other causes, and savings to be obtained by spreading the capital expenditure on buildings over a large number of areas, in addition to savings being obtained by methods of real retrenchment. Under these two main heads, it was estimated that a total of Rs. 8½ crores was to be obtained in a single year, a considerable amount, roughly constituting about 12 per cent of the total Defence budget of that period. The Inchcape Committee, under twelve categories of heads, including reduction in the peace establishment of the British and Indian elements of the Army in India, recommended reductions of the total order of Rs. 5.67 crores in a year. Actually, the reductions in respect of the peacetime establishment of the Army in India were not fully carried out by the Government of India. Still, the recommendations which were accepted by the authorities, reduced the budget to Rs. 59 crores a year. It must, however, be remembered in this connection that, while effecting this considerable reduction of Rs. 8½ crores in a year, expenditure on special services, e.g. Frontier operations, demobilisation of troops, etc., was kept apart, with the result that, once again, jugglery with statistics became the order of the day. In any case, the Rs. 50 crores Defence Budget, as recommended by the Inchcape Committee, was delayed till after the Great Depression of 1930.

CHAPTER III

INDIANISATION AND RETRENCHMENT

"The imported article, whether personnel or materiel, must necessarily be more costly than that which can be obtained at home. The British soldier roughly costs three times as much as the sepoy. The proportion is not so high in the case of the officer, but the fact that the British officer has to be remunerated adequately tends to raise the scale of pay of the Indian officers, and thus adds to the total cost of the Army in India."

—Sir Krishna G. Gupta, in his *minute of Dissent to the Esher Committee Report, 1920.*

Esher Committee Recommendations—Sivaswami Iyer Resolutions on Indianisation—Indian Military Academy—Royal Indian Navy—Royal Indian Air Force—Employment of Indian Troops Abroad—Garraon Tribunal on Capitulation Charges—Disputed Items of Expenditure—Expenditure Reduction and War Debts—Economic Depression and Stabilised Budgets—Grigg's "Prosperity" Finance Regime.

ESHER COMMITTEE RECOMMENDATIONS

The inauguration of the Montagu-Chelmsford Reforms in 1921 marked the beginning of the demand by the Indian Central Legislature (though without a Government responsible to it, and with nominated *blocs* of official and non-officials actually blocking its path) for Indianisation of the Army in India, for a proper apportionment of Defence expenditure between Britain and India, and for a reduction of the incidence of Defence expenditure as part of the general expenditure of the country. During the early years of its career, the Montagu-Chelmsford Legislature, which continued from 1921 right up to the present day, scored numerous triumphs, and even achieved striking results. I do not know what the fate of this Montagu-Chelmsford Legislature would be in the immediate future, but I do know that it has a record of work which cannot be forgotten in any chronicle of India's struggle for freedom. Before reviewing these early legislative triumphs, it is necessary that we start with the recommendations of the Esher Committee.

The appointment of the Army in India Committee, 1919-20, presided over by Lord Esher, and later on joined by the late Sir Krishna G. Gupta and the late Sir Umar Hyat Khan Tiwana, synchronised with a period which saw the aftermath of the First World War, the repercussions of the Parliamentary Declaration of 1917, and the new ferment in India with regard to political aspirations of the people of our country, in the context of the Montagu-Chelmsford Reforms which were about to be inaugurated. Lord Esher and his six British colleagues started with the enquiry, and in part I of their Report felt impelled to write about the difficulties of the administration of India in the following manner: "We are at the same time confronted with evidence of the continued reluctance of the India Office to relinquish into the hands of the Government of India greater freedom in the administration of the Army, even in cases where this could be done without compromising the administration of the Army at Home, or contravening the sound principle of uniformity in military policy. We are strongly of opinion that greater latitude should be allowed to the Governor-General-in-Council and to the Commander-in-Chief in India in matters affecting internal military administration, in order to secure greater efficiency, and especially greater contentment of the Army in India."

The Esher Committee was concerned with Army re-organisation and administration in India, the delimitation of the relations between the War Office and the India Office, and determination of the position of the Commander-in-Chief, India, in his dual capacity, obtaining at the time when the Committee reported, as Head of the Army and Member of the Executive Council with the result that very little is found in this important Report about the financial side. The Committee, while recommending that the Commander-in-Chief, India, should be in more direct touch with the Imperial General Staff, felt called upon to state that they were "not prepared to dogmatise as to whether the Government of India or the Imperial Government at Whitehall is to be responsible for the military safety of India." The Esher Committee further wrote: "It is obvious that, if the gradual approach of India to Dominion Status is to be taken as an axiom, this question can be resolved only by the exercise of judgment, tact, and the principle of 'give and take'. We, however, are strongly of opinion that while unity of administration is for the present out of the question, unity of conception on broad lines of military policy, such as those for which the Imperial General Staff should be responsible, is essential in the

interests of India herself and of the Empire as a whole." Even in the year 1919, the Esher Committee could not forget the Imperial spirit!

The Committee (paragraphs 48-64 of Part II of its report) made several recommendations, which are of direct interest to us in our approach to the study of the Defence expenditure of this country, just after the conclusion of the First World War. The Committee came to the conclusion that the rules which govern the preparation of the Budget estimates were defective, for they threw the bulk of the work of the preparation of the estimates upon Controllers of Military Accounts at Headquarters. "Another defect is that, although in the budget the grants are shown as at the disposal of various military authorities, in practice the latter do not really administer the grants are allotted to them. For example, the grant for the pay charges of the troops is shown in the Budget as at the control of general officers commanding the Divisions and independent brigades. In practice, these officers have no power to administer this grant, not to utilise savings in pay charges to meet other expenditure. The budget is, to this extent, misleading and fails to represent the facts correctly. A third defect is that estimates are not prepared with sufficient accuracy, and frequently fail to take into account consequential expenditure in other directions. For instance, it sometimes happens that a scheme for administrative re-organisation placed before Government by the branch concerned ignores the expenditure which will result from the provision of the necessary buildings. The present form, too, of the military accounts renders it impossible to ascertain readily what is the cost of a particular arm of the service or of a particular formation. For instance, it is not possible to say what is the total cost to Government of the mechanical transport service, since all charges on account of stores and equipment and food, *etc.* are lumped together under the prescribed grant heads of the supplying departments (Supply and Transport Clothing, Ordnance, *etc.*), and these grant heads do not indicate how much of the provision refers to the supply of stores and equipment and to the mechanical transport."

Faced with a situation like this, the Committee recommended that the heads of the principal Departments of the Army Headquarters should control their own budgets for all the services and departments which they administered, receiving for this purpose assistance from Deputy Financial Advisers, who, the Committee proposed, should be attached to their branches. The Committee wrote again: "Not only

do we wish to impose upon the heads of the Branches the responsibility for the preparation of their budget estimates, but we also desire to make them directly responsible, under the Commander-in-Chief, for the administration of the grants allotted to them." The Committee (para. 62 of Part II) further observed that "the principal reason why so many disputes occur between the audit authorities and the individuals whose claims come under their review, is that the Army Regulations, India, dealing with pay, allowances, leave, pensions, etc., are hopelessly complex, bristle with anomalies, and are often obscure, if not positively contradictory".

So far, the Esher Committee dealt with the need for prevention of wasteful expenditure through a system of proper control and the efficient organisation of military expenditure in India. Nothing was said about the disproportionately higher costs involved in the retention, at the accustomed scale, of British personnel in the Army in India. The Committee worked out the need for some special attention being paid to the Indian officers and men, and gave the reasons for their proposals for an increase of their pay and a betterment of their service conditions (paragraphs 76-77 of Part V) as follows :

"(a) that the Indian Army expects substantial increase, and that it would be impolitic to disappoint this expectation, especially at a time as the present, when the *political agitators aim at undermining the Army's loyalty* (*italics mine*);

(b) that the general rise in the cost of living renders the present scale of pay insufficient to enable the sepoy to support a wife and family or other dependents; and

(c) that the industrial and agricultural development of India offers them a more lucrative employment to the youths of the martial classes, and that this competition will adversely affect the recruitment of the army unless better terms are offered."

The Esher Committee finally rounded off their recommendation on this point as follows: "After the most earnest consideration, we have formed the conclusion that it is necessary, in order to secure the contentment of the Indian Army, to improve the terms of service of Indian Other Ranks."

When India wanted a reduction of Military expenditure on merits, the Esher Committee at one place recommended increased commitments, *e.g.* with reference to higher pay and allowance to British Staff Officers stationed in India. Instead of making recommendations for the progressive reduction in the strengths of the British personnel of the Army in India and a reduction in the cost of their maintenance, the Committee recommended a tinkering with the pay, allowances and conditions of services of the Indian sepoy, not on the ground that they were entitled to these facilities, by virtue of the fact that they constituted the standing Army of this country and must be properly looked after, but because political agitators might possibly deflect their loyalty to the Crown !!

The Esher Committee recommendations, taken as a whole, certainly involved additional commitments of expenditure, and of course the argument was trotted out, as it is being trotted out even today, that an efficient Army was a vital necessity for the preservation of peace, and that cost was only a matter of detail. In their conclusions the Committee (paragraphs 4, 5, 6 and 7) wrote as follows: "Our principal aim has been to promote the efficiency and contentment of the Army in India, and to secure that Government of India will have at its disposal a well-trained and loyal Army fit to take its share in the defence of the Empire. In submitting our recommendations we have borne in mind that many of them will entail increased expenditure. We are aware that the present cost of the Army in India [1920-21] is already double the pre-war cost. We have, therefore, been actuated throughout by due regard for economy, but we have not refrained from recommending relatively costly measures where we are satisfied that these are essential to the contentment and better administration of the Army."

Proceeding, the Committee, observed: "Our proposals will further increase the annual cost of the Army in India. But although the immediate effect of adopting them will be to set up a higher standard of normal expenditure, we do not contemplate the probability of this standard being increased, at least for some years to come, above what can be met from the normal growth of Indian revenues. It is admitted that the first concern of any Government should be defence from external aggression, and the maintenance of internal tranquillity. With the prospect of industrial and agricultural development in India, the revival of trade, and the disappearance of freight difficulties, it is hoped that the revenues of India may expand sufficiently to enable the needs of the Army to be satisfied without detriment to other claims."

Concluding, the Committee wrote: "Fresh standards have been set up; existing services require reorganisation; and new services have to be developed and equipped. There is much leeway, too, to be made up in improving accommodation in conformity with modern requirements. All these will involve heavy initial expenditure. We venture to suggest that it might be advantageous, from the point of view both of defence and of military administration, to adopt a system somewhat on the following lines:

- "(a) The military authorities should first prepare a programme showing the capital expenditure entailed by measures such as those indicated above.
- (b) The Government of India should thus be in a position to gauge their liabilities, and to decide to what extent they could be met and over what period the programme should be spread; and to proceed to obtain the Secretary of State's sanction, where necessary, to expenditure involved.
- (c) The Government of India might then arrange to give a definite allotment (over and above the sum required for the ordinary yearly upkeep of the Army) towards the carrying out of this programme of special expenditure. This allotment should be expressed in terms of a total sum to be spread over a fixed number of years. The lapses in the yearly allotment should be carried forward into the following year's budget, and must remain at the disposal of the military authorities for the carrying out of this programme. Within the amount of the special programme, military authorities should have a free hand in deciding to which of the measures in the programme priority should be given. The accounts relating to the expenditure of these measures should *pro forma* be maintained separately.
- (d) Subject to these conditions, the military authorities should be required to work strictly to the annual budget provision for the upkeep of the Army, except in so far as this may prove impossible owing to unforeseen causes, such as military operations, or the increased cost of foodstuffs, etc., occurring in the course of the financial year."

This was how the Esher Committee proceeded to lay down the foundations of Military or Defence Budget of this country for the inter-war period.

Before taking up the action recommended by the Central Legislature on the Esher Committee recommendations, it is necessary that a record is made here, and a tribute paid to the robust patriotism of the late Sir Krishna G. Gupta in his minute of dissent. Like his other Indian colleague Sir Umar Hyat Khan Tiwana, Sir Krishna Gupta did not say that "it must not be forgotten that while British troops are fighting for the integrity of the Empire, the Indian soldiers, gallant though they have often shown themselves, cannot have the same inducements to fight for a distant *Raj*, and therefore require the stiffening which British troops afford." Instead, Sir Krishna Gupta declared that, ever since the Battle of Plassey to the assumption of the direct Government of India by the Crown in 1858, "the principle underlying all measures was the maintenance of British domination and supremacy," involving concentration of authority and control, whether civil or military in the hands of the British bureaucracy. He also said: "As a legacy of the unhappy events of 1857, a feeling of distrust had further supervened and permeated the whole policy of Army administration. Indians had always been excluded from the King's Commission. A new restriction established in the ratio of two Indians to one European was introduced into the rank and file..... On the military side, however, the tendency has been to make the grip closer and tighter, so as not only to keep the Indians out of all superior positions, but also practically to exclude them from the artillery and various other services which form essential branches of the Army Organisation."

After laying down these general propositions, whose validity cannot be disputed even today, Sir Krishna Gupta made a reference to the Parliamentary Declaration of 1917, which postulated responsible Government as being the goal of the British in India, and argued: "But, if we are to achieve this goal of national unity and full responsible Government, it is necessary that the British Government should completely change their angle of vision in regard to military administration in India, and they should be prepared to share the control of the Army with the people of this country." Sir Krishna Gupta made a series of propositions covering a variety of points, which were later on taken up by Sir P.S. Sivaswamy Iyer in his famous resolutions in the Central Assembly, which will be noticed presently. While making a reference to the comparatively higher costs of bringing into this country and maintaining British personnel of the Army in India, Sir Krishna Gupta concluded as follows: "The imported article, whether *personnel* or *materiel*,

must necessarily be more costly than that which can be obtained at home. The British soldier roughly costs three times as much as the sepoy. The proportion is not so high in the case of the officer, but the fact the British officer has to be remunerated adequately tends to raise the scale of pay of the Indian officers and thus adds to the total cost of the Army of India. Our proposals add largely to the Army expenditure, which is already high, and the only way of introducing economy, without impairing efficiency, is gradually to increase the Indian element in the ranks as well as in superior positions."

SIVASWAMI IYER RESOLUTIONS ON INDIANISATION

The battle of the inter-war period was the battle for Indianisation, reduced total military costs, equitable allocation of costs between India and Britain, and control by the Legislature of Army or Defence affairs as much as possible. The Government of India Act of 1919 was a definite stumbling-block in the way of the achievement by India of these desirable objectives, but the battle goes on in India, ceaselessly, to see that her Army is a National Army, that there are no Janissaries inside it working for the perpetuation of foreign control, and that its costs are not disproportionate to what we can conveniently spend from our own resources.

In any appraisal of the work of the Central Legislature, with reference to the Indianisation of the Army and the control and reduction of Army expenditure, particularly during the inter-war period, the historian of the country must necessarily give a considerable amount of space to the work rendered by Sir P. S. Sivaswami Iyer, who today is regarded as the Grand Old Man of South India. Though a Liberal, Sir Sivaswami Iyer made a study of the Indian Defence problems, a field almost entirely his own, and even though his dialectics were those of a memorialist, he was able to play a tremendous part in the evolution of the basic principles of India's army organisation and financial expenditure thereon. Despite the fact that the resolutions, passed at the instance of Sir P. S. Sivaswami Iyer in 1921, were not all related to Defence expenditure, it is clear that in any study of India's Defence expenditure problems, these resolutions must be given their proper place.

The resolutions, in all fifteen in number, were based upon the report of the Esher Committee on Army Reorganisation, and the Central Legislative Assembly was able to take empha-

tic action on all of them, a fact which must look extraordinary today if we remember that it was accomplished a quarter of a century ago.

The first resolution affirmed that the "purpose of the Army in India must be held to be the defence of India against external aggression and maintenance of internal peace and tranquillity." It repudiated the assumptions underlying the whole report of the Esher Committee to the effect "that (a) the administration of the Army in India cannot be considered otherwise than as part of the total armed forces of the Empire, and (b) that the military resources of India should be developed in a manner suited to Imperial necessities." An amendment by Sir Godfrey Fell, Army Secretary, to the effect that while not approving para. 17 of Part I of the Esher Committee Report dealing with Imperial necessities, the Government should "organise, equip and train the Army in India on the lines adopted from time to time by the other military forces of the Empire", was negatived by 44 votes to 39, and the Central Assembly passed the main resolution.

The second resolution, which was passed without a division, ran as follows: "This Assembly recommends to the Governor-General-in-Council that the Army in India should not, as a rule, be employed for service outside the external frontiers of India, except for purely defensive purposes, or with the previous consent of the Governor-General-in-Council in very grave emergencies, provided that this resolution does not preclude the employment on garrison duties overseas of Indian troops at the expense of His Majesty's Government and with the consent of the Government of India."

The next resolution passed by the Assembly was a recommendation to the Governor-General-in-Council for the creation of a separate Department of Production and Provision, entrusted to a civil member of the Military Councils of the Commander-in-Chief. This was a minority recommendation of the Esher Committee, whereas the majority of Esher Committee wanted an Executive Councillor to hold the post.

Another resolution, which was, however, accepted by the Government, was to the effect that the Commander-in-Chief and the Chief of the General Staff, India, should be appointed by the Cabinet, on the nomination of the Secretary of State for India, in actual consultation with the Government of India and the British Secretary of State for War. It also urged that the Military Secretary to the

India Office should be appointed by the Secretary of State for India, after taking the advice of the Chief of the Imperial General Staff, and that he should *ex-officio* have the status of the Deputy Chief of the Imperial General Staff, with a right to attend the meetings of the Army Council in the United Kingdom and under the orders of the Chief of the Imperial General Staff. The purpose of this resolution, it will be seen, was to get a proper insight into, and a working knowledge of, the day-to-day activities of the Imperial General Staff, so that ultimately no orders were issued from London to the Commander-in-Chief, or the Chief of the General Staff, India, and that co-ordination and not dictation became the principle governing India's relationship with the United Kingdom in respect of Army organisation etc.

The next motion adopted was to the effect that the right of the Commander-in-Chief, India, to correspond with the Imperial General Staff, should be subject to the restriction that it does not commit the Government of India to any pecuniary responsibility or any line of military policy which had not already been subject to decision by the latter, and that copies of all such correspondence at both ends should be immediately furnished to the Government of India and to the Secretary of State for India.

The next two resolutions approved by the Legislature dealt with Indianisation. One resolution said: "The King Emperor's Indian subjects should be freely admitted to all arms of His Majesty's Military, Naval and Air Forces in India and the ancillary services and the auxiliary forces and that every encouragement should be given to Indians—including the educated middle-classes—subject to the prescribed standard of fitness to enter into the commissioned ranks of the Army". It also demanded that non-official Indians should be associated with the nominating authority; and that not less than 25 per cent of the King's Commissions granted every year should be given to His Majesty's Indian subjects, to start with.

The second resolution of this group on Indianisation ran as follows: "Adequate facilities should be provided in India for the preliminary training of Indians to fit themselves to enter the Royal Military College, Sandhurst; that as soon as funds become available, steps should be taken to establish in India a Military College such as Sandhurst, and the desirability of establishing in India training and educational

institutions for the other branches of the Army should be steadily kept in view." The Commander-in-Chief, during the course of the debate, indicated his sympathy with this resolution, and observed that he hoped "that, before very long, in the neighbourhood of Dehra Dun, we should be able to establish a College on the lines indicated", with the result that the Indian Military Academy of Dehra Dun eventually came into existence.

The next resolution, which was accepted on behalf of the Government of India, was as follows: "In the interests of economy, and in view of the likelihood of the growth of the Indian element in the commissioned ranks, it is essential, before vested interests arise, that the pay of all commissioned ranks in all branches of the Army should be fixed on an Indian basis, with an overseas allowance in the case of British officers, and a similar allowance for Indian officers holding the King's commission when serving overseas." It will be seen that the purpose of this resolution was to cut down, as much as possible, the initial dissimilarity between the emoluments of the British and Indian elements in the Army in India, and, by making it possible for Indian commissioned officers who are likely to go abroad, to have overseas allowances, to bring about as much parity as possible between these two scales of pay and allowances.

Another resolution, which raised a tremendous amount of discussion, ran as follows: "In view of the need for the preparation of India to undertake the burden of self-defence, and in the interests of economy, it is essential that a serious attempt should be made:

- (a) to organise and encourage formation of an adequate territorial force on attractive conditions;
- (b) to introduce in the Indian Army a system of Short Colour Service, followed by a few years in the Reserve; and
- (c) to carry out a gradual and prudent reduction of the ratio of the British to the Indian troops."

The Commander-in-Chief intervening in the debate accepted paragraphs (a) and (b) of this resolution, but as regards paragraph (c) he said: "In 1883 the general ratio of the average was fixed over the whole of the military forces in India at 1 British to every 2.5 Indian soldiers. Since those days, the

whole organisation of the Army has been changed, and
 . . . the Army is today divided into :

- (1) the Field Army which we look to cross the Frontier in case of necessity and to assume the defensive [sic] on our North West Frontier ;
- (2) it is composed of the Covering Troops, which we maintain on the Frontier to keep in order the turbulent tribes which unfortunately live there ; and
- (3) of Troops for internal security, i.e. for the maintenance of peace and good order within the boundaries of India."

Proceeding, the Commander-in-Chief said : "The proportion as between British and Indian troops varies in each of these three categories For those troops which are required for the Field Army, we have the experience of the Great War to tell us what is the most efficient proportion between British and Indian troops required for field operations against an enemy less formidable than a first class European Power, and that proportion based on the experience of War is 1 British soldier to every 2.7 Indian soldiers, and that is the proportion that now exists in our Field Army."

Concluding, the Commander-in-Chief observed : "In the covering Forces which has [sic] only to deal with the Frontier tribes, tribes which are not yet furnished with artillery or machine guns, the proportion can be very greatly reduced, and for the 12½ Brigades of Covering Troops the proportion between British and Indian soldiers is 1 to 6.7. It has a very much higher proportion of Indian troops. When we come to internal security on the other hand, where troops are required to deal with religious differences with riots as they are taking place at the very present moment unfortunately in Lahore area, it is most necessary to have a higher proportion of British troops, because it is recognised, particularly by the civil authorities, that troops other than Indian troops are the more reliable and trustworthy to intervene in questions like religious troubles and internal disorders. Therefore, the proportion of Internal Security Troops is much higher, but the whole thing works out in the general average, on the whole, as not very different from that which was originally laid down in 1883. The broad proportion, exclusive of the Reserves which we now have, comes to 1 British to 2.42 Indians, and if the Reserves are included it comes to 2.56 Indians. Therefore, there has not been very much change, taking the thing broadly, as a whole, since 1883."

The only comment which should be made upon the reasoning of the Commander-in-Chief, in relation to the demand of the Legislative Assembly in 1921, is that the Military Authorities always resisted the national demand for the reduction in the British element of the Army in India, on the specious plea that it ensured religious neutrality and equitable enforcement of civil authority in case of what were speciously termed as "religious differences" among the people, with the result that the British element of the Army in India assumed the undoubted aspect of an Occupation Army. As a corollary, the maintenance of the British element in India had always meant, and still means, a burden of expenditure which the revenues of this country, even when compared to the practice in any other civilized country in the world, as will be shown later, could hardly bear.

The next three resolutions adopted by the Central Legislative Assembly dealt with the minor aspects of Indianisation. The first two of these resolutions, which were accepted on behalf of the Government by Sir Godfrey Fell, dealt with the need for the provision of Commissions in the Indian territorial force, and demanded that "no distinction should be made between the Indian Territorial and the Indian Auxiliary Force in respect of the authority which assigns the commissions, and that officers of these two Forces should take rank *inter se* according to dates of appointment." The next resolution demanded that "no proposals for interchange of officers between British and India services should be carried out, unless the following conditions are satisfied :

- (a) the cost to Indian revenue should not thereby be appreciably increased ;
- (b) that such proposal should not be allowed to interfere with a steady expansion in the proportion of the King's Commissions thrown open to the Indian in the Indian Army, and
- (c) that the interchange of British officers should in no way affect the control of the Government of India over the entire Army in India."

The last resolution of this particular bunch demanded that "having regard to the creation of two additional Commands in India, the Government of India do consider the expediency of reducing the size of the administrative staff at Army Headquarters." On this resolution the Commander-in-Chief gave the assurance asked for, but mentioned that at that time the work of the Army Headquarters organisation in Mesopotamia

was still unliquidated. He put in the caveat that the record of the Army Headquarters, India, appeared favourable as compared to wartime increases in staff in other countries, and that "one of the lessons of the war is that it is economical when war comes to have a really efficient administrative system, and not to have to make improvisations which are, of all things, the most expensive when war comes." It will be seen that this assurance was of a milk and water variety, and did not take the country any further than what the position was before the resolution was moved and adopted by the Central Assembly.

Then followed a resolution demanding the appointment of a Committee, which should go into the entire question of the Army organisation and expenditure. This resolution ran as follows: "As soon as external and internal conditions in India permit, the Governor-General-in-Council should, with the concurrence of the Secretary of State, appoint a Committee, adequately representative of non-official Indian opinion, for the purpose of examining and reporting upon:

- (a) the best method of giving effect to the natural rights and aspirations of the people of India to take an honourable part in the defence of their country, and prepare the country for the attainment of full responsible government which has been declared to be the goal of British policy;
- (b) the financial capacity of India to bear the burden of military expenditure;
- (c) her claim to equality of status and treatment with the self-governing Dominions; and
- (d) the methods of recruitment to commissioned ranks of the Army".

The fifteenth resolution was a minor one providing for the inclusion of Anglo-Indians in the term "Indian Subjects". I have deviated from the order of these fifteen resolutions, and the last one we have to take notice of is resolution No. 3 of the series, which demanded the assimilation of practice in India to that prevailing in Britain, in regard to the "ultimate supremacy of civil power" for the defence of the country, that the Commander-in-Chief should not, without prejudice to his official precedence, be a member of the Governor-General's Executive Council, and that the portfolio of Defence be entrusted to a civilian member of the Executive Council, assisted by an Army Council on the English model. This was the only resolution which was negatived, though, looking

back, it will be seen that India was still to wait nearly two decades before she could get a Defence Member, while the enthronement of the authority of civil power is still not to be even in 1946.

As a tailpiece to these fifteen resolutions, one moved by the late N. M. Samarth was to the effect that "the Assembly expresses no opinion on such of the Recommendations of the Esher Committee as have not been dealt with in the foregoing resolutions." Here is constitutionalism in its pristine form and unqualified triumph! But, when we evaluate the concrete results achieved during the past quarter of a century, we will find that the caravan of British Military Occupation moves along, without any faltering step, and without giving the much-needed relief to the Indian tax-payer. I would not have devoted this much space to the Sivaswami Iyer Resolutions, if I were not sure in my mind that until a truly National Government replaces the Montford constitution still in operation, it is unthinkable that India will have control of her Army and expenditure thereon.

On July 4, 1923, Sir P. S. Sivaswami Iyer again returned to the charge, and moved a resolution "for promptly giving effect" to the 1921 resolutions of the Assembly, respectively dealing with admission of Indians to all Arms of the Forces and to the Royal Military College at Sandhurst, the formation of a Territorial Force, and the grant of commissions to Indians in the Territorial Force. Sir E. Burdon, Army Secretary, moved an amendment, suggesting to the Governor-General-in-Council, to "take the first favourable opportunity of representing once more to His Majesty's Government the necessity and desirability of giving effect, as soon as circumstances render it practicable and admissible to do so, to those portions of the resolutions which have not yet been carried out." This official amendment was negatived by 52 to 30 votes, and the main resolution of Sir P. S. Sivaswami Iyer was carried through. For the year 1923 this vote was indeed a creditable one, and it is a curiosity of our parliamentary system that in the third year of the Montagu-Chelmsford Reforms, the Government had a solid bloc of over 40 official and non-official nominated members in the Assembly, and yet could only muster 30 votes in their favour on this vital issue.

It will be seen that the first principles of Indianisation of the Army in India were securely laid by these resolutions

of the First Assembly of the Montagu-Chelmsford Reforms. A House packed with Moderates felt itself compelled to urge the authorities, even according to their technique of petitioning, to speed up Indianisation, to cut down racial barriers between the British and Indian elements of the Army in India, to make it possible for Indians to obtain the highest commissions in the Armed Forces, to reduce the burden of Defence expenditure upon the tax-payer of the country, and, more than everything else, to secure a fair apportionment of this expenditure between Britain and India, in view of the fact that the Army in India was kept for purposes other than the preservation of peace within, and the repulsing of possible attacks from without, India. These principles stand even today, though the emphasis has shifted, and is shifting towards the establishment of the ultimate supremacy of a purely national civil power over the Defence Services. If in the Cripps' Offer of 1942, the proposal was made (and rejected by Pandit Jawahar Lal Nehru that he would not be a Minister for Canteens) for the creation of the portfolio of a Defence Member, the credit goes, not to the march of events in that fateful year of the abortive but stupendous German successes in the West, but directly to the resolutions of the Central Assembly in 1921. There is a Defence Member today in the Governor-General's Executive Council, but he is such a non-descript individual that we need not waste our time on him.

INDIAN MILITARY ACADEMY

On February 19, 1925, the late Dewan Bahadur B. Venkatapathi Razu's resolution, as amended by Sir Alexander Muddiman's motion, was passed to the effect that "a committee, including Indian members of the Legislature, be appointed immediately to investigate and report :

- (a) what steps should be taken to establish a Military College in India to train Indian Officers for the commissioned ranks of the Indian Army ;
- (b) whether, when a Military College is established in India, it should supersede or be supplemented by Sandhurst and Woolwich, so far as the training of Indian Officers is concerned ; and
- (c) to advise at what rate Indianisation of the Army shall be accelerated for the purpose of attracting educated Indians to a military career."

This resolution, in addition to the same member's earlier resolution (February 5, 1924) concerning the reorganisation

of the Indian Territorial Force as a second line of defence for the Army in India, and with the Indo-British racial distinctions battered down, supplies another landmark in the history of Indianisation. As far as we are concerned in this book, this resolution supplies an additional illustration of the manner in which the ultimate and total costs of the Army in India were sought to be readjusted on a lower basis. Even twenty years ago, it was recognised as obvious that by increasing the strength of Indian personnel, especially in the commissioned ranks, to the country's revenues would be charged a lesser amount of expenditure, both in respect of the difference in terms of pay and overseas allowances as between the British and Indian elements in the officer cadre, and the retention in India of the moneys paid out in respect of savings and pensions. Lord Reading, in his address to the joint session of the Central Legislature on August 20, 1925, indicated that the Indian Sandhurst Committee would investigate not only the most suitable means for training Indians to hold the King's Commission, but also the measures needed to attract the best type of Indian youth to a military career.

The Army in India was till now organised on the twin bases of an Army of Occupation *cum* a Mercenary Army of half-starving rustics who are always available to serve any master. The Army in India was never a People's Army motivated by the highest principles of patriotism. It was there to be utilised as an engine of oppression by the Rulers, who certainly wanted to keep under their control the people of this country. Thus, arose the theory of "martial" and "non-martial" classes, the experience of 1857 driving the authorities, as I have indicated earlier, to keep the emotional people of Bengal and Madras without the pale of an army career, and to fall back upon the muscular but unintelligent and unemotional Punjabee, Purbia and Goorkha. The demand for Indianisation of the officer ranks of the Indian element of the Army in India, had, thus, become a thorn in the side of Imperialism, for Indian Officers *might not* fit into the Imperial scheme of things. All these nostrums about India being the pivot of Imperial Defence, with reference to the maintenance of the principle that the officers of the Army in India should only be the Britishers, were revised in the Second World War, but we are discussing the position as it obtained twenty years ago.

The Skeen Committee recommendations at this period offered a fresh lever to drive home the point of Indianisation, with special reference to the officering of the Indian Army by Indian Officers, incidentally making the Dehra Dun

project a reality. Dr. B.S. Moonjee's resolution on this question was, after a heated debate, passed by the Assembly in 1927,* Mr. M.A. Jinnah, a member of the Skeen Committee, characterising the Government's attitude as one of *non-possumus*. Dr. Moonjee demanded that, as a beginning in the direction of preparing India for self-defence, immediate steps be taken to bring about the Indianisation of half the cadre of officers in the Indian Army as unanimously recommended by the Skeen Committee, within a period of fifteen years, and to carry out the other unanimous recommendations of the Committee with regard to the establishment of an Indian Sandhurst, and the recruitment of Indian Officers "in those arms of the defensive forces paid out of the Indian revenues, from which they are at present excluded". To this, a rider moved by the late S. Srinivasa Iyengar (later President of the Indian National Congress) demanded a complete revision of the scheme of Defence for the country in any future constitution (the Simon Commission on constitutional reforms implicit in the 1919 Act was about to commence its work), and ran as follows: "...while feeling that the recommendations of the Indian Sandhurst Committee, especially those relating to the continuance of British recruitment, do not satisfy Indian public opinion, this Assembly is of opinion that the acceptance of the unanimous recommendations of that Committee will mark a definite beginning in the Indianisation of the Army in India".

The Commander-in-Chief, intervening in the debate, reminded the House about the impending Simon enquiry, and, in accordance with the traditional British viewpoint, declared as follows:

"The Army in India is one link in the Imperial chain of the defence of the Empire, and naturally, therefore, no alterations in its organisation, which might in any way affect its efficiency, can be taken without the fullest consideration of His Majesty's Government, which is ultimately responsible for its security".

Despite this rude shock which was administered to the country, the demand for Indianisation continued unabated, and the Indian Military Academy at Dehra Dun, which was started in a small way in March 1922, and was completely reorganised in 1932, progressed from year to year. There were 9 Indian Commissioned Officers in the Indian Army in 1919, and they rose to 91†

* *Legislative Assembly Debates*, ALP.

† The Army Secretary, ans.

September 5) the Army Secretary announced that the first examination "attracted a large number of candidates", thus tacitly admitting as wrong the earlier theories about lack of military leadership among educated Indians. In that year, Indian cadets were commissioned to the Indian Air Force also. The Defence Sub-Committee of the first Round Table Conference was emphatic on Indianisation and the Dehra Dun Academy, but Army Secretary G.R.G. (now Sir Richard) Tottenham, felt compelled to observe as hereunder*: "Neither H.M.G., nor the Government of India, have ever prescribed any proportion between British and Indian personnel *within* the Indian Army—either in the lower ranks, which are and always been almost entirely Indian, or in the higher ranks which, until comparatively recent times, have been entirely British". Sir Richard Tottenham then summarised the Indianisation scheme of Sir Philip (now Lord) Chetwode, who became Commander-in-Chief 1930, for the total replacement of British by Indian Officers "in the units required to make up a Division of all arms, and a Cavalry Brigade, together with a due proportion of all the ancillary and non-combatant departments which serve the needs of these two war formations".

I need not further pursue this question, apart from saying that Indians rose to high office in the Army in India during the Second World War, and that an Indian Brigadier actually commanded in the field during the Italian campaign. Even in 1946 it cannot be said that Indianisation is satisfactory, or that colour bar has disappeared. If any, this colour bar had reached fever heat during the Second World War, as the explosions in the three branches of the Indian Army demonstrated in February, 1946†.

* Answering late S. Satyamurthy, *Ibid.* March 5, 1935.

† In reply to a question in the Central Legislative Assembly on March 8, 1946, Mr. Philip Mason said that the number of Generals, Brigadiers, Colonels and Lieutenant-Colonels in the Indian Army were : Major-Generals 63 (Indians nil) ; Brigadiers 120 (Indians 4) ; Colonels 214 (Indians 23) ; Lieutenant-Colonels 1,868 (Indians 240) ; and that these figures include substantive, temporary and acting ranks. If the War Secretary permitted himself to disclose figures relating to non-permanent officers, it would have been revealed that the Indian strength was much smaller than what was sought to be indicated by the above figures.

Mr. Mason further observed that, while the existing British officers were wasting out, Indian officers would continue to rise to higher positions as they gained the requisite seniority and experience.

Twenty-five years after the Esher Committee recommended Indianisation, this was the position of the Indian element of the officer-cadre in the Army in India. Comment becomes superfluous.

ROYAL INDIAN NAVY

Let us now examine the implications of the important announcement made by the Commander-in-Chief in the Assembly on February 9, 1926, laying down the foundations of the Royal Indian Navy, which was as follows: "His Majesty's Government have, subject to the understanding of the necessary legislation on the subject, agreed to the reconstitution of the Royal Indian Marine on a combatant basis, to enable India to take the first step in providing her own Naval Defence in the future. It was with this object in view that His Excellency the Viceroy [Lord Reading], early last year, assembled a Committee under the presidency of my very distinguished predecessor Lord Rawlinson, in conjunction with the Naval Commander-in-Chief, Admiral Richmond, and it is

- (b) to accept the policy and measures recommended by the Indian Mercantile Marine Committee ;
- (c) to take early steps for the training of Indians in a suitable training ship in Indian waters, for the provision of facilities for future training as apprentices in our mercantile marine ships, and for their employment after completion of their training ;
- (d) to arrange from the establishment of primary nautical schools in selected marine stations, and the introduction of Marine Engineering as a subject of instruction in the Engineering College at Sibpur; and
- (e) to announce his intention to adopt in the near future a system of licensing in respect of the coastal trade of India."

Thus began the preliminaries for the *Dufferin* Training ship, and the *Dufferin* Cadets, who were to be full-fledged Indian merchant navy officers to man Indian ships, and I have known of at least one Indian who was Captain, in his own right, of an Indian ship. Even though consideration of Sir Sivaswami Iyer's resolution, quoted above, was deferred to a later date, on August 17, 1926, Lord Irwin (now Viscount Halifax) in an address to the joint session of both the Houses of the Legislature, announced that estimates were prepared for the creation of an Indian Mercantile Marine, and that the *Dufferin* was to come into existence without further loss of time. A merchant navy is the second line of naval defence for any country, but ours is still kept by Britain in its nonage.

On March 9, 1927, Army Secretary Young, in reply to a question in the Central Assembly, said: "The initial cost of inaugurating the Royal Indian Navy will be the amount required to buy one new sloop, and to recondition and arm the existing vessels of the Royal Indian Marine which have been selected for retention in the new service. The approximate amount cannot be stated, as it will be depend largely on the cost of the new sloop for which the Government have not yet received an estimate. The recurring cost of the Royal Indian Navy is not expected to differ materially from that of the Royal Indian Marine, but some increase will be necessary as a result of the whole service being placed on a permanent and pensionable basis." He also indicted that the whole cost is chargeable to the Indian Treasury. The battle for the complete Indianisation of the Royal Indian Navy was not won in a single day, even though

its entire cost was borne by Indian revenues. For, on August 23, 1927, the Army Secretary said in the Assembly: "Indians are not eligible for employment to the commissioned ranks of the Royal Navy. They are, however, eligible for employment on the East Indies stations as domestic and clerical ratings. The Government of India are not aware of the number of Indians so employed. The annual contribution of £100,000 is made in consideration of the general and effective defence of the Indian shores and the protection of the Indian trade by the Royal Navy."

On September 17, 1928, the Army Secretary again stated, that "the designation and status of the Royal Indian Marine cannot be raised to those of a Dominion Navy, until the Naval Discipline Act, applicable to such navies and to the Royal Navy, has been passed by the Indian Legislature. Cadets of the *Dufferin* are already eligible to compete for posts in the recognised Royal Indian Marine, and will be equally eligible to compete for posts in Royal Indian Navy when one is created." In the Second World War, a full-fledged Royal Indian Navy, though predominantly officered by Britishers, came into existence.

ROYAL INDIAN AIR FORCE

Now comes the turn of the Air Force in India of the old days, which eventually became the Royal Indian Air Force of the present day. The Royal Indian Air Force is of recent creation, and came into existence in tardy response to persistent demand in this country that all arms of the Defence Forces should be Indian manned and Indian officered. The Royal Indian Air Force today is the outgrowth of the Royal Air Force, which was detailed for duty in India from time to time, in accordance with British Imperial responsibilities, and to a smaller extent of "Indian needs", e.g., the use of the Air Arm in suppressing the so-called recalcitrant Frontier tribesman.

The first detachment of the Royal Flying Corps was sent out to India in December, 1915, obviously as a war-time measure, and, during 1916-18, "Flights were detached for operation, on the North-West Frontier." At the end of the First World War, the total strength of the Air Force in India, otherwise the Royal Air Force of later times, was 80 officers and 600 men. In 1919, four more Air Squadrons were added, later on joined by two single-seater Squadrons in 1920. By the latter year, the Air Force in India consisted of eight Squadrons. We need not pursue the permutations and

combinations of the strength and organisation of the Air Force in India during the inter-war period, but it must be noted that the Retrenchment Committee, presided over by Lord Inchcape in 1922-23, did not recommend any reduction in the Royal Air Force in India, even though it was re-organised and expanded in 1922.

In 1927, Sir Hari Singh Gour* was told by the Army Secretary that the cost of the Royal Air Force in India at that time was just over Rs. 1 crore and 75 lakhs a year, and was charged to the revenues of this country. Three days later, it was stated that the sanctioned establishment of the Royal Air Force in India was 227 officers, 1,777 British other ranks, and 202 personnel of the Indian Technical Section. It was also declared, characteristically enough, that "the Royal Air Force in India is not maintained for Imperial purposes. It is maintained for the defence of India."

It took the Government of India three years to come to a decision about the strength of the Air Force in India, and to lay the foundations for the creation of Indian Air Squadrons completely manned and officered by Indians themselves. Thus, on January 8, 1929, the Army Secretary, answering Dr. B. S. Moonjee in the Assembly, said that two Squadrons of the Royal Air Force were being sent to India, "to complete the establishment of eight Squadrons, in accordance with the decision announced a year ago. The requirements of the Air Force in India after the war were originally calculated at eight squadrons, but for financial reasons the strength of the squadron was not brought up to this figure earlier. The addition is not due to any special need or emergency. I think my Hon'ble friend must be aware of the decision to create gradually an Indian Air Squadron, and of the fact that six vacancies at Cranwell have already been offered for competition to Indians. Facilities for training the rank and file of an Indian Air Force Unit already exist and will be utilised as soon as Indian cadets begin passing into Cranwell. Ten scholarships have been established for the training of civilians in aviation. It is not proposed to increase this number at present. Four light Aeroplane Clubs have recently been established in India. Indians can receive training in aviation by joining any of these Clubs." Further questioning (January 30, 1929,) by Pandit H.N. Kunzru elicited the answer that there was a decision "to form gradually an Indian Air Squadron and to train Indian officers at Cranwell." On

**Ibid.* February 26, 1927.

February 27, 1930, the Army Secretary reaffirmed the intention of Government of India to establish an Indian Air Squadron at an early date, and that Indian mechanics for the Indian Air Force would be trained in this country.

The early costs of the Indian Air Force are indicated by the following budgetary figures.*

			Rs.
1930-31	..	..	43,000
1931-32	..	..	1,16,000
1932-33	..	..	2,54,000
1933-34	..	..	6,00,000 (estimates)
1935-36	..	..	9,34,000

These were the puny early indications of the Royal Indian Air Force of today, which certainly is a gigantic organisation.

It was the unwritten intention of the Army authorities in India, right through the course of the past two centuries, to create new wings of the Defence Services, not in response to the insistent demand for Indianisation and for the reduction of expenditure on the British element, but to keep up with developments in the science and art of warfare and defence equipment in the advanced countries in the world. The Royal Indian Air Force of today has gone through all the stages which we have witnessed with reference to Land Army and the Royal Indian Navy, in order to justify increases in expenditure on the newly created Eight Squadron Air Force in India which, at the period we are discussing now, almost virtually meant a detachment in India of the Royal Air Force. The North-West Frontier always offered an opportunity for the Defence Services in this country to try out new weapons and new methods of warfare against "recalcitrant" tribesmen. Instead of the pacification on a permanent basis, politically and economically, of these tribesmen, punitive expeditions were carried out almost every year, and sometimes three or four times during the course of the same year, in order that terror was struck in their hearts, and the various wings of the Army in India obtained their battle training, more or less on war footing.

In an earlier Chapter I discussed the mounting wasteful expenditure on operations on the Frontier, which only

*Army Secretary Tottenham, in answer to a question by Mr. Md. Muzzam Sahib. *Ibid.* February 26, 1934.

Secretary in 1926 actually went to the length of contradicting the late Ramsay MacDonald, who in his book, *The Government of India* (pages 154-5), wrote that of the Army in India "certainly one half is an Imperial Army which we require for other than Indian purposes," and that half of the cost of its maintenance should be borne by Imperial revenues. But the same Army Secretary, on March 8, 1926, laid on the table of the House a statement relating to the use of the Indian Army on the following expeditions since 1896:

- | | |
|--------------------|------------------------|
| 1. Mombasa, 1896. | 5. Jubaland, 1901. |
| 2. Uganda, 1897. | 6. Somaliland, 1902-4. |
| 3. Jubaland, 1898. | 7. Persia, 1912. |
| 4. China, 1900. | |

In addition, contingents of the Army in India saw service in almost all the theatres of the First Great War in 1914-18, and the post-war overseas garrisons of Indians (1918-26) in various parts of the world were definitely used for Imperial purposes.

Sir. E. Burdon admitted that units of the Indian Army had always been used as part of the normal garrisons of:

1. Ceylon (pre-war) ;
2. Straits Settlements and F. M. S. (pre- and post-war) ;
3. China (pre- and post-war) ;
4. The Persian Gulf (Pre- and post-war) ; and
5. Iraq (post-war).

Finally, the Army Secretary indicated that the following had not been included in the above two categories :

- (1) Indians serving voluntarily in non-Indian Army Units, such as Indian Contingents of the King's African Rifles ; and
- (2) Units stationed at Aden.

The most important thing, however, to remember was that the Army Secretary could not give information about the actual amounts of money credited to the Indian Treasury in lieu of the British Government's contribution towards defraying the cost of troops employed abroad for Imperial purposes ! A very important insight into the methods adopted by the Government of India at that time, about the despatch to and employment in foreign countries of Indian troops, is supplied

by the attempt of the late S. Srinivasa Iyengar who sought to censure the Government of India in 1927 on a motion "to discuss the question whether the Government of India is entitled to send Indian troops to China without consulting the Indian Legislature." The Government spokesman objected to the consideration of this motion on the ground that it would affect the foreign relations of His Majesty's Government. The late President Patel accepted the motion, but observed that "this Assembly is certainly not entitled to criticise or discuss the foreign policy of the British Government or the Government of India, and any motion which directly or indirectly raises any discussion of that foreign policy would certainly be out of order." Still, he held that the motion concerned, as restricted in its scope by the mover, did not come within the mischief of the Assembly Rules. It was clear that Indian troops, trained at the expense of India, were sent to China to put down the Chinese people in their struggles with Britain, though Britain was supposed to defray their expenditure. But Lord Irwin (now Viscount Halifax), the Governor-General, disallowed the motion, under sub-rule 2 of Rule 22 of the Indian Legislature, on the hallowed ground of detriment to public interest. *

When Sir Hari Singh Gour (February 26, 1927), quoting Earl Winterton's statement in the British House of Commons on November 25, 1926, to the effect "that the Royal Air Force in India were units of the Imperial Forces and not part of the Indian Army, and that they did not comprise any enlisted Indian personnel", questioned whether this statement of the position went against the Assembly resolution of March 28, 1921, dealing the composition and duties of the Army in India, the Army Secretary replied that "the Royal Air Force in India is not maintained for Imperial purposes. It is maintained for the defence of India". The Army Secretary further said: "The Hon'ble Member may perhaps be confusing Imperial Forces with Imperial purposes, and the Army in India with the Indian Army." Answering a further question, the Army Secretary declared that the Imperial forces were forces raised in the United Kingdom. "Forces maintained for Imperial purposes are forces maintained for purposes other than the defence of India." Q. E. D., argued the Army Secretary, that there was no inconsistency between this exposition of the position relating to the Army in India and Earl Winterton's reply in the Commons !!

A few days later, the following statement was made by the Army Secretary †: "Service of the Shanghai Defence

* *Ibid.* January 25, 1927.

† *Ibid.* March 4, 1927.

Force might be described as garrison duty, but the term was interpreted as meaning continuous garrison duties." On March 9, 1927, the same Army Secretary said: "The establishments to which Earl Winterton referred are Indian troops employed on Consular escort duty at various places where Consuls or other diplomatic agencies are maintained. I cannot give the Hon'ble Member the exact cost. The total number of such places is 8, and the total number of Indian troops employed on Consular escort duty is only 71. As half the cost of these grades is borne by the Imperial Government, the cost to Indian revenues must be small. Earl Winterton also referred to a half Company of Indian Infantry stationed temporarily at Bahrein. The half Company was at Bahrein for five months only, and was also employed on escort and guard duties, the entire cost of the detachment, however, being recovered from the Sheik of Bahrein, a fact of which Lord Winterton does not seem to have been aware. One half of the cost of consular and diplomatic guards and escort and of Garrison troops in the Persian Gulf has been borne by Indian revenues for a long time in pursuance of an old arrangement. There are, however, no longer any garrison troops from India in the Persian Gulf." On March 25, 1927, obviously rattled at the manner in which what was known to Indian politics as the *Swarajist* Assembly went for the Government of India and its Army organisation and expenditure, the Army Secretary declared that, as a result of conversations between His Majesty's Government and the Government of India, "it has been decided that the Indian revenues will bear no part of the cost of the contingent furnished from India in connection with the China Incident of 1927."

I can go on illustrating this point in the light of developments from 1927 to 1946, when we came to have the unholy spectacle of Indian troops being used for the suppression of the liberties of the people of Indonesia, Indo-China, Malaya, Persia, Iraq *etc.* But the point to be remembered here is that the Army in India was never a National Army, that even the Indian element thereof was consciously raised for the purpose of ensuring British supremacy in India and of British interests abroad, and that whatever the amounts were which Britain was *supposed to have paid* for their employment abroad were never made intelligible to this country. These foreign adventures of Britain, in which Indian troops were freely used, meant the maintenance of an Army in India far out of proportion to our national needs, and its upkeep and replacement meant to us expense which is unconscionable, even on the standards of other countries in the world.

lared that "it is certain that all those Wars of the preceding years were dictated entirely by the Imperial Government and that the interest of British commerce, the grievance of British merchants, or honour of the Crown were the determining considerations in them all." The Welby Commission quoted a statement made by Lord Northbrook, a former Viceroy of this country, to the effect that "in the case of the Perak Expedition, which took place during his Viceroyalty, this provision of the Statute of 1858 was distinctly neglected by the Home Government, and an unconstitutional charge was made on India, notwithstanding a remonstrance from the Government of India." There was a repetition of this unconscionable mulcting of the people of this country during the Great War of 1914-18, when Parliament passed a resolution, according to which it was agreed that "the War Office should meet the full cost of the troops despatched from India, receiving from the Government of India, in reduction of these charges, sums estimated to represent what the troops might have cost if they had remained in India." We have seen that in 1918 a "forced loan" of £100,000,000 was obtained from India, under threats and through cajolry. This contribution was supplemented by an undertaking extracted from India that she would pay £49,000,000 sterling, including a contribution of £4,000,000 on account of pensionary charges of British troops, on the assumption that the First World War would last till March 1920. Owing to the termination of this War earlier than expected and the breaking out of the Third Afghan War, coupled with the disastrous agricultural situation prevailing in this country at that period, the Imperial Legislative Council, in March, 1920, reduced its previous offer of £49,000,000 sterling to £13,600,000, which was actually paid by the Government of India in 1918-19. The Government of India contended in this connection that the reduction made was short by only £700,000, even according to the terms of adjustment between His Majesty's Government and the Government of India imposed by the Parliamentary resolution of 1914.

The general position in relation to the capitation charges extracted from this country was best described by Sir Edward Collen, Military Member of the Governor-General-in-Council towards the end of the last century, as follows: * "The Company had always been liable for the cost of the British troops serving in India: and by the Act of 21 Geo.-III, cap. 70, it had 'to pay to the king, in the East Indies, two lakhs of

* Chapter on the Indian Army in *Imperial Gazetteer*, pp. 24-25.

current rupees per annum for each and every regiment consisting of 1,000 men.' In 1788 this was altered to a charge for 'raising, transporting, and maintaining such forces.' From 1834 to 1857 the average payment was about £195,000 annually. In 1860-1 a capitation rate of £10 was fixed, the expenses having largely increased, but this plan was abandoned for one based on 'actual expenses.' Finally, after much discussion, a capitation rate of £7½ was decided on and came into force in 1890-1. This 'capitation rate' is based on the charges for enlisting and training the recruit, the pay of young officers before they go to India, a share of the cost of educational establishments, and the expenses of men sent home time-expired or invalided. It does not include 'deferred pay' or gratuities, and transport and non-effective charges are paid separately. For the 'non-effective' charges (pensions, etc.,) a capitation rate of £3½ was paid from 1861-2 until 1870-1, when the Indian share of the valuation of pensions granted annually was capitalized. In 1884-5, a new system was introduced spreading the charge over a series of years. All changes and improvements in the pay and organisation of the British Army necessarily react on Indian finances: the measures introduced, as for example, the short service system created by Lord Cardwell in 1870, are judged best for the whole Imperial Army, and India has to meet any additional expenditure which these may entail, although they may not be specially adapted to her requirements. The ordinary term of a soldier's service in India has been calculated at five years and four months, but bounties are given when it is desirable or necessary to prolong the service of men who could otherwise claim to go home."

It is to be remembered that, since 1824, the actual costs of raising, training, equipping and transporting British troops stationed in India, and their annual drafts and reliefs, were saddled on to the revenues of this country, and this system continued for a period of thirty-six years. Later on, a *per capita* charge of £7-10-0 was arrived at as a basis of payment by this country for services rendered by British personnel on the Indian establishment. This was subsequently increased to £11-8-0, and on April 1, 1920, it shot up to the unconscionable amount of £28-10-0, on the specious ground of increasing expenditure on account of pay, maintenance, clothing and equipment. On the 1920 basis, India was made to pay to the British exchequer capitation charges of the order of £2,000,000 sterling a year. The capitation charges of £1,000,000 per year continued in the subsequent years, if only to be further modified to the disadvantage of this country

by the Chatfield Committee and the series of financial settlements allocating the Military expenditure imposed upon us before and during the Second World war.

The Garran Tribunal was appointed by His Majesty's Government to report on certain questions relating to Defence expenditure which were in dispute between the Government of India on the one hand and the British War Office and the British Air Ministry on the other. The findings of this Committee had had a considerable influence upon the course of discussion between India and Britain in regard to the allocation of Defence expenditure during the inter-war period. The members of the Committee were: Sir Robert Garran, Chairman, the Rt. Hon'ble Viscount Dunedin, the Hon'ble (later the Rt. Hon'ble) Sir Shadilal, the Hon'ble the late Sir Shah Mohammad Sulaiman, and the Rt. Hon'ble Lord Tomlin, with Mr. F.E. Grist of the India Office and Mr. G.D. Roseway of the War Office as Joint Secretaries. Two minutes of dissent were appended to the Report of the Tribunal by the two Indian members.

The two most important questions remitted to the Tribunal for consideration were:

- “(a) to consider and report whether there should continue the contributions of India towards the recruiting and training expenses at Home of the British Army in India and to report the basis on which the contribution, if continued, should be calculated.
- “(b) to examine India's claim that a contribution should be made from Imperial revenues towards military expenditure from Indian revenues, and to report the basis on which any contribution approved should be assessed.”

The issues raised in these two particular terms of reference to the Garran Tribunal were not new to this country, for they were investigated by the Welby Commission, as well as by the Committee on Indian Home Effective Charges presided over by Mr. Justice Romer, generally known as the Romer Committee. The most important point involved in a consideration of these issues was whether, in the financial and economic conditions of India, meaning thereby *the capacity of the Indian people to pay* for an Occupation Army, consisting of a considerable number of British personnel and with a scale of expenditure to which we had been heirs all these years,

capitation charges should at all continue. The Garran Tribunal held, with Sir Shah Mohammad Sulaiman and Sir Shadilal dissenting, that such a consideration was irrelevant to the enquiry. During the course of the investigation it was pointed out that the Military expenditure of this country bore a far higher proportion to the total public revenues than in any other part of the British Empire and Commonwealth, but the Tribunal held by a majority decision that this consideration also was irrelevant to a discussion of the issues remitted to its consideration. Hence, it becomes necessary that this important point, as raised by Sir Shah Mohammad Sulaiman and, incidentally, from another angle, by Sir Shadilal, is examined here in some detail.

Sir Shah Sulaiman put forward a series of considerations in favour of the claim of India for a contribution from the Imperial revenues for certain specified military and defence purposes. Among others, he mentioned the enormity of the political and financial stake of Britain in this country; the inescapable implication of the Defence of India's frontiers, which have a vital bearing upon the defence of the British Empire; the general relevancy of the adequate Defence of this country to the overall picture of what might be termed Imperial Defence; the fact that the Army in India had always proved to be an asset to the general finances of the Empire, and had, on numerous occasions, in the long and chequered history of Indo-British connection, been used as a reserve for general Imperial Defence; the point that Imperial Government always exercised a powerful influence on questions of Military policy and organisation in this country; the manner in which Defence expenditure allocations were made, in consultation with the authorities in other parts of the British Empire, in order that the countries concerned were given favourable treatment, which is an example which cannot be ignored with reference to India; and, the point that, apart from the fact that Defence expenditure of the period bore a very high proportion to total revenues, it also eclipsed the allotment of funds made available for essential social services to the people.

Sir Shah Sulaiman felt it necessary to bring to the notice of His Majesty's Government the argument that the allocation of Defence expenditure between India and Britain cannot be discussed on a purely military basis, for the simple reason that British enterprise had almost a monopolistic grip on the economy of this country, as a factor of the Indo-

British connection which had gone towards enriching Britain through her trade. He also felt that the physical and geographical situation of India, within the framework of the British Empire and Commonwealth, made her almost immune from attack within the scheme of things known to the period at which the Garran Tribunal reported (global wars and atomic bombs being unknown at this period of the world history), and that the central location in India, in the geographical sense, of Imperial troops should not become the criterion for making her shoulder the burden of Defence expenditure for the whole Empire, or for that part of the Empire in relation to which India stood more or less as a gateway. Sir Shah Sulaiman also urged that the great strength imparted to the Imperial Defence System by the Army in India was a point which cannot be neglected in any consideration of allocation of Defence expenditure between India and Britain; for there cannot be any question that the location of the Army in India promoted the general British interests throughout the Empire, and even in the world as a whole.

Sir Shadilal, in his note of dissent, quoting the words of Lord Salisbury that India was always treated as an "English barrack in the Oriental seas", argued the point that, ever since 1856, British and Indian troops maintained by India were employed by the Imperial Government in no fewer than fourteen campaigns outside India; that on all these occasions these troops were compulsorily and automatically placed at the disposal of the Imperial Government; that the organisation and equipment of the Army in India were determined by the possibility of war with a great power (this principle was confirmed later by the findings of the Chatfield Committee); that British troops in India protect and promote British commercial and financial interests and maintain British supremacy in our midst; and that, according to the nostrums of the British War Office, the frontiers of India were also the Imperial frontiers of the first magnitude, and that their protection was always recognised to be an Imperial interest. In this note, which clearly indicates Sir Shadilal's immense love for the country, a fervent plea was made to the effect that, as long as the strength and composition of the Army in India needed for India's defence were not determined by an Indian Ministry responsible to the Indian Legislature, His Majesty's Government should be responsible, at the bar of world opinion, for the cost of the major portion of the troops maintained in India, if only for the reason that they were maintained in India for Imperial purposes.

The Garran Tribunal decided that a contribution should be made from Imperial revenues towards Military expenditure in respect of a certain limited number of matters only, and argued that the Army in India was a force, ready in an emergency to take the field at once, which did not exist elsewhere in the Empire, but which was specially available for immediate use in the East and on occasions being so used; and that India was a training ground for active service such as did not exist elsewhere in the Empire. The India Office put forward a series of suggestions before the Tribunal which merit some notice here. They were: that one-half of India's total expenditure on Defence; or the extra cost of maintaining the British troops in India over the cost of maintaining a corresponding number of Indian troops; or the entire cost of British troops; or the cost of India's Defence expenditure at a certain percentage of India's assessable revenue, should be chargeable to Indian revenues. None of these formulæ, the last of which, incidentally, has some bearing upon the manner in which India's financial contribution to the old League of Nations or India's claim for a seat in the Governing Body of the International Labour Office were determined, were acceptable to the majority of the members of the Garran Tribunal. On the contrary, the conclusion was reached that an amount of contribution from the Imperial Exchequer should be fixed in relation to the grounds on which such moneys, *e.g.* mechanisation of the Army in India in conformity with Imperial requirements, should, as recommended, be paid to the Government of India.

On the question of Home Effective Charges (military), which constituted the costs of recruiting and training in Britain the British element of the Army in India, the Tribunal was asked to consider and report whether India should continue to contribute to the British Exchequer, and, if so, on what basis such a contribution should be calculated. The India Office argued that any contribution to be made by India should be based not on the proportion between the British and Indian establishments, but on the extra cost involved in training the additional number of personnel required in this country, that the period of training charged for should be six months instead of one year as claimed by the War Office, and that a rebate, which is proportionate to the terms served by the soldiers in the Reserve after the termination of the soldier's Colour Service, should be made available to this country. The Tribunal held that the costs should be proportionately divided between the two Governments, according to the respective strength of the British and

Indian establishments, and rejected the principle of "extra cost" as argued on behalf of this country.

The period of training of the British element of the Army in India was a question which was successively inquired into by numerous Committees. The Seccombe Committee recommended six months in the case of Infantry, and eight to nine months for other arms. The Bouverie Committee and the Northbrook Commission made substantially the same recommendations, while the Welby Commission, in its final report issued in 1900, did not suggest any alteration in it. But, since 1907, the Army Council contended that twelve months was a reasonable period from its point of view, and that India should contribute accordingly. It was pointed out on behalf of India that, after the initial six months' training, the British recruit serving in a home battalion was necessarily a military asset to the Empire as a whole; that India was prepared to take him into the Army in India at this stage, that is to say, after paying for his initial six months' training; and that India should not be saddled with the costs of his further training. With the Indian members dissenting, the Garran Tribunal recommended that India should be charged for the training of recruits for a minimum period of nine months, and rejected the contention that Reserve Service should rank with Colour Service.

The vexed question of a direct contribution by India towards the cost of the Reserves was brought once again into the open by the War Office, which put forward a claim that India should make a direct contribution towards the cost of Regular and Supplementary Reserves. The Secretary of State for India contended that such Reserves were not maintained at India's request and should not, therefore, be at India's cost, and that, in any case, India did not ask His Majesty's Government to maintain such reserves specifically for her own benefit. The Tribunal's finding was as follows: "We regard the maintenance of the Reserves as part of the Imperial obligation, and do not, therefore, recommend that India be called upon to make any contribution towards them, direct or indirect." This is one of the tokens of the Garran Tribunal's "generosity" towards this country, but the story must be continued.

Ever since 1900, a subsidy of £130,000 sterling was paid to India towards the cost of the transport of British troops to and from this country, as a departure from the earlier practice of charging India the entire cost of such

movements. This Sea Transport Subsidy, however, must be judged against the background of the methods of recruitment adopted over a period of years. Prior to 1870 British recruits were enlisted in the Army for a period of ten years service with the Colours. The abolition of this system, by the War Office led to the introduction of a new one, under which recruits were enlisted for a period of seven years' service with the Colours *plus* five years with the Reserves. To the military personnel concerned, this system came to be known as "Short Service System". The result of this innovation, as far as India was concerned, turned out to be that a larger number of British troops on the Indian establishment had to be trained and transported to this country every year, thus imposing additional burdens on Indian revenues, not only with reference to the cost of raising and training men in Britain, but also in regard to the cost of transport to and from India as the drafts entered and left this country from time to time.

One point which turned out to be of advantage to this country, but in a small manner, was that under the new "Short Service System", there was a saving on pensionary charges, since a soldier was not entitled, under this system, to pension after his discharge. The overall cost, however, was, even according to the memorandum submitted by the British War Office to the Tribunal, more expensive to this country than before, and the British tax-payer was relieved of certain costs which he was paying in the past, and which were thus loaded on the people of this country. The British Government, however, asked for its discontinuance from April 1, 1927, a claim which was resisted by the India Office. The dispute went for arbitration before the Lord Chancellor, who recommended that the Subsidy should continue to be paid, and that the whole question should be further considered within a period of five years. The Garran Tribunal, by a majority decision, decided in favour of the continuance of this Subsidy, on the ground that the change-over to the "Short Service System" of recruitment, and the placing of British personnel in the Army in India had actually materially increased the cost to the Indian tax-payer. It was, however, not found possible to return to the "Long Service System," in terms of the exigencies created by the onward march of military science and practice the world over.

The Royal Air Force had already come to stay, and very naturally the British Air Ministry claimed for a contribution

from Indian revenues, on the basis of its proportion of one-tenth of the total Royal Air Force personnel in the United Kingdom, compared to the normal one-third of the standing British Army which usually went to service in India. The Tribunal, however, held the view that no case had been made out for an allowance of this claim, and recommended that, for the purpose of calculating the Air Force Home Effective Charges, Reserve Service should be taken into account as being the equivalent of the Commissioned Service, and that a rebate be allowed as in the case of the military forces, while no direct contribution should be made by India towards the cost of Air Force Reserves.

The revision of capitation charges, under the Garran Tribunal's award, which allowed for increases in pay and prices since 1908, the last time when these charges were fixed, made a difference to the Indian exchequer as hereunder: *

	£	
1914-15 to 1919-20	861,000	(annual)
1920-21	1,896,000	(including for the first time £100,000 for the R. A. F.)
1930-31 (budget estimates)	1,506,000	

In 1933, the " relief " to the Indian taxpayer under this head of capitation charges was £1,500,000, raised to £2,000,000, in 1939. In the light of the enormous increases in the Defence expenditure of this country during this period, this contribution was indeed paltry, and, in any case, the point is clear that India continued to be the dumping ground of the buck privates of Britain who, while continuing in India as Britain's sword-arm, got their training almost free of charge. This contribution of the British Government to Indian revenues was hardly more than one per cent of our total Defence expenditure !

DISPUTED ITEMS OF EXPENDITURE

The lack of control of Military expenditure of a proper allocation between the Government of India and His Majesty's Government, with reference to what had happened in the First World War, was perhaps best illustrated by the statement made by the late Sir Basil Blackett, Finance Member of the Government of India, in reply to a question put to him by Sir

*Sir George Schuster, in answer to Sir Hari Singh Gour,
Legislative Assembly Debates, March 5, 1930.

Purshotamdas Thakurdas in the Central Legislative Assembly in 1924.* It must be remembered that, despite continuous annual payments to His Majesty's Government from out of the revenues of India of considerable sums of money, towards a full or a partial settlement of outstanding items of dispute ranging over a period of clear six years, the following, even on the admission of the Finance Member, constituted items of dispute long years after the conclusion of the Treaty of Versailles:

- (a) A pension claim by the British War Officer against India, involving £25,000,000 to £40,000,000, as a result of casualties in the First World War, each of the Governments interpreting the 1870 agreement in a way best suited to their specific interest.
- (b) A dispute relating to the second contribution, that is to say, in addition to £100,000,000 contribution made by the old Imperial Legislative Council. It will be recalled that in September 1918, the Imperial Legislative Council granted further assistance to His Majesty's Government on two conditions *viz.*, that "there was no costly conflagration on the Indian frontier", and that the general agricultural and financial situation in India permitted it. Since the war terminated earlier than March 1920, *as was originally forecast by His Majesty's Government*, a sum of £49,000,000, was estimated as the original additional offer still outstanding in the books of His Majesty's Government against India, including £4,000,000, in respect of the usual pensionary charges. Meanwhile, the Third Afghan War broke out, and the agricultural situation worsened, with the result that in March 1920, the Imperial Legislative Council, as we have already seen, reduced the total second offer to £13,600,000 sterling. This reduced amount was paid out to the British War Office in the accounting year 1918-19, but in 1924 it was indicated that the dispute relating to the item of £49,000,000, constituting the pensionary charges, was still in dispute between the two countries.
- (c) There was an item relating to expenditure on East Persia. Sir Basil Balckett, in his Budget memorandum to the Legislative Assembly, said: "During the great War, and specially towards the end of 1917 and

**Ibid.* February, 1, 1924.

the beginning of 1918, it was found necessary to send large military forces from India to East Persia. The expenditure of these forces to the end of 1920-21 has been debited to the War Office, in the same way as charges to military forces despatched from India to other theatres. In view of the military and political interests that India possessed in East Persia, the War Office demurred to bear the entire charges of this region, but it is uncertain whether they are still maintaining this attitude." Comment is superfluous on this very *naïve* and superfine attitude shown by the Government of India, both in regard to the statement of the position relating to Indian interests in East Persia, and the non-chalance, with which the custodian of the public fisc in this country approached the question of settlement of a very important item relating to financial payments by this country to the British War Office.

- (d) Charges of surplus officers in the Indian Army. It was estimated that 1,800 junior officers became superfluous to the Indian establishment on the termination of the First World War, and they were to be retired from April 1922. The question of apportionment of expenditure relating to this termination of services remained unsettled even in 1924, and an amount of £5,000,000 sterling was stated to have been involved in it. The Finance Member of the Government of India, in his statement quoted above, felt that the India Office apprehended the need for arbitration !
- (e) Costs of disbandment of British troops. The question of the apportionment of expenditure on British troops declared surplus after the First World War, between the War Office and India, was also left suspended in thin air.
- (f) There was a very interesting item of exchange concessions on War gratuities, relating to our old friend the controversy, concerning the 1sh. 6d. rupee *versus* the 1sh. 4d. rupee. The history of this interesting dispute is as follows : On August 4, 1919, the Rupee-Pound exchange ratio was 1sh. 8d., and the Government of India, *believing it to be His Majesty's Government's wish* to be paid out at the rate of 1sh. 4d., effected payments. They woke up only in 1924 to the realisation of the costs of this

British demand in respect of this "small question," involving a loss to the Indian tax-payer to the tune of £200,000. The Government of India took up this question for arbitration in England, but the verdict of the arbitrator went against India, and Sir Basil Blackett could only tell the Legislature that "the Government of India, acting upon what they believed to be the intention of His Majesty's Government, according to a telegram received from the Secretary of State for India", paid up at the rate of 1sh. 4d. a rupee! I need not comment on this transaction in detail, apart from stating that, if only the accounts relating to war expenditure connected with the First World War are available to the public, no special effort would be needed in this country to prove the utter callousness with which India's finances were managed by the authorities.

- (g) An item relating to the future administration of Aden, concerning which I have said a lot earlier in this book, and the incidence of its cost between Britain and India was left open for future settlement.
- (h) According to the Welby Commission Report, the expenditure to diplomatic and consular representation, with reference to Persia, was being equally shared between His Majesty's Government of India. Since, however, after the First World War "Indian interests in Persia have not increased as rapidly as Imperial interests", a scheme was put forward on behalf of India that this item of payment should be abolished or reduced. In 1924, when Sir Basil Blackett made this statement, this question was hanging fire, and India continued to bear the burdens of equal division.

I have devoted this amount of space to what Sir Basil Blackett told the Central Legislature in 1924, for the very valid reason that, without taking advantage of these fortuitous opportunities for the people of this country to know the truth about the manner in which our national finances were managed, it will be impossible to obtain even a faint appreciation of the position subsisting between this country and her master. In fact, the deliberate manner in which information was suppressed from the gaze of the people of this land, especially on questions of such vital importance as allocation of Military expenditure, specifically proves,

beyond any shadow of doubt, the utter lack of *bonafides* on the part of a supposed trustee towards his ward.

EXPENDITURE REDUCTION AND WAR DEBTS

A resolution which was drafted by the Commission on Public Finance and unanimously passed by the International Financial Conference at Brussels in 1920, while drawing attention to the declaration of March 8, 1920, of the Supreme Council of the Allied Powers, affirmed that "armies everywhere should be reduced to a peace footing", and declared *inter alia*: "The statements presented to the Conference show that, on an average, some 20 per cent of the national expenditure is still being devoted to the maintenance of armaments and the preparation of war. The Conference desires to affirm with the utmost emphasis that the world cannot afford this expenditure. Only by a frank policy of mutual co-operation can the nations hope to regain their old prosperity." It also recommended that the Council of the League of Nations should confer "at once with the several Governments concerned, with a view to securing a general and agreed reduction of the crushing burden which, on their existing scale, armaments still impose on the impoverished peoples of the world, sapping their resources and imperilling their recovery from the ravages of the war."

Answering Sir Hari Singh Gour, Sir Basil Blackett, after quoting the above declaration of the Brussels Conference, observed*: "The comparison made at the Brussels Conference was between the average expenditure of armaments of various nations with their total expenditure. In the case of India, it would, of course, include expenditure of Provincial Governments. For the year 1924-25, the total national expenditure of India, including that of the Provincial Governments, but excluding the working expenses of the Railways, the Post and Telegraphs and Irrigation Departments, was approximately Rs. 203.62 crores. The military expenditure was approximately Rs. 55.69 crores, which amounts to 27 per cent of the former figure."

The point at issue, as far as we in this country are concerned, was whether the general expenditure of the Provincial Governments should be included in the general expenditure of the Central Government, because, as the late A. Rāngaswami Iyengar aptly queried, "the military force or the army administration does not belong to the Provincial Governments at all." But the late Sir Basil Blackett

**Ibid.*, January 25, 1926.

declared that he did not think so. If the expenditure of the Provincial Governments was not included, but if the expenditure of the Indian States on the maintenance, not only of the Imperial Service troops which they contribute to meet the calls of the Paramount Power from time to time, but also of the standing troops maintained by themselves for preserving internal security within their own territorial limits, was brought into the picture, it would be seen that this 27 per cent mentioned by Sir Basil Blackett, which was in any case 7 per cent higher than the world average at which the Brussels Conference of 1920 shuddered, would possibly have become 50 per cent, if not more.

On March 15, 1928, the Central Legislative Assembly by a vote of 66 to 51 reduced, on a private member's motion, the Army Department demand to Re. 1/-. During the course of the debate, the mover quoted a despatch of the Government of India to the Secretary of State, which ran as follows: "Millions of money have been spent on increasing the army in India, on armaments and on fortifications to provide for the security of India, not against domestic enemies or to prevent the incursions of warlike peoples of adjoining countries, but to maintain the supremacy of the British power in the East. The scope of these great and costly measures is far beyond the Indian limits, and the policy which dictates them is Imperial policy. We claim, therefore, that in the maintenance of British forces in this country, a just and even liberal view should be taken of the charges which should legitimately be made against Indian revenues." Intervening in the debate, Army Secretary Young admitted that the military expenditure in India was of the order of 41 to 42 per cent of the Central revenues. He said further that, taking the revenues of the country as a whole, it worked out at 26 per cent, but that if a comparison was made with gross expenditure it was only 18 or 19 per cent. He added: "I would be the last person to deny that even that portion (*i.e.* 18 or 19 per cent) was high compared with other countries." Proceeding, the Army Secretary *naively* said: "British troops have to be maintained, and British troops in India are more costly than Indian troops in India, and *more costly than British troops in Britain*. The number and ratio of British troops depend upon strategic considerations" (*italics* are mine).

Of course, it must also be remembered that, while the general Provincial expenditure was included, in order to water down the percentage of military expenditure of the Centre, nothing was mentioned about the costs incurred by the Provincial Governments on the maintenance of what was called

and is being called Special Armed Constabulary, in addition to the ordinary Police, which certainly was and is even today organised on a semi-military basis. The argument here is that in no country in the world, even during wartime, expenditure on the Defence Services bears the ratio to general expenditure which is borne by the equation of Sir Basil Blackett in the context of the issues mentioned above. But this is India.*

While discussing international control and reduction of armaments expenditure, it is relevant to notice the manner in which war debts from India, arising out of the First World War, were paid out from the revenues of this country, while those due to us were allowed to lapse under the Hoover Moratorium. For, these debts and payments must be taken to a part and parcel of the Defence expenditure.

The Hoover Moratorium on India's war debts extended to the first two payments due for 1932-33, and since His Majesty's Government were not making any payment of the debt due to the U.S.A., the assurance was given, when the Moratorium was first declared, that they themselves would not demand interest on the debt owing from this country and the Dominions to Britain. When, however, the Moratorium was not extended, His Majesty's Government agreed not to demand any payments due at that time from their own debtors, viz. India and the Dominions, pending a final settlement of the war debt question. The final settlement of the Hoover Moratorium was still to be decided, with the result that Sir George Schuster had to tell the Central Legislature as follows:†

"At the present, however, we have to take account of the

* This reasoning of the Army Secretary was completely wrong, and intended to deceive the people of this country.

In his *Survey of International Affairs* for 1929, Mr. A. J. Toynbee, that internationally recognised authority, examined the defence budgets of 41 nations, and listed them as hereunder ;

Rank	Country	Percentage of Expenditure
1st	India	45.29
5th	Japan	26.57
9th	Italy	23.46
14th	France	19.75
25th	U.S.A.	16.09
30th	Britain	14.75
37th	Germany	7.16

This analysis completely demolishes the protestations of innocence on the part of the Government of India, and shows up the manner in which, for the sake of giving free battle experience to the buck privates of Britain, which has to maintain her Empire, as also for the purpose of keeping India in permanent subjugation, the costliest possible defence machine was maintained in our midst at the expense of perhaps the poorest people of the world.

† Sir George Schuster's Budget Statement, 1933-34, para. 47.

fact that the debts exist, and we have made provision in the current year for the second instalment of interest due this year and for the next year on the basis of full payment. For the current year, the instalment due, but not demanded, has been debited under the interest head and credited to Suspense Account." The allotment for 1933-34 was, however, reduced on the assumption that in the subsequent years a settlement of the question relating to the Hoover Moratorium might bring in reductions in the war debt charged to the revenues of this country.

Here, at last, is an illuminating statement on the ramifications of the accounting operations of the Government of India, which might serve as a beacon light to any attempt to understand the manner in which the revenues of this country were debited with expenditure from time to time. Sir George Schuster said: "At the same time, we have made provision for repaying, by equated annual instalments over a period of 20 years, our Loan liability outstanding at the end of the current year, including the arrear interest for a year suspended under the Hoover Moratorium. The combined effect of this last mentioned provision and of the reduction of interest is that the full provision for the next year is £658,800 against liability of £836,000 under the original arrangement. I must point out, however, that for 1932-33 we had only to provide half a year's interest at the higher rate, *viz.*, £418,000; so that under the new proposal interest charges are increased by £240,000 or Rs. 32 lakhs." Then Sir George Schuster said: "While we are making provision for this amount, it must be noted that we are not allowing for any receipts under the head of reparations for these payments suspended under the Laussane Agreement." Comment is needless on arrangements of this character, which abound in legion in the Budgets of the Government of India from year to year. The guardians of India's public revenue and expenditure made provision for nearly one crore of rupees under this head for 1933-34 towards the payment of "war debts" demanded from this country to the U.S.A. *via* the U.K., and yet never bothered, about what is likely to be due to us from Germany and her allies in the First World War. I often wonder whether there is at all any possibility for any one in this country to fully unravel this sort of jugglery with figures.

During the budget discussion on March 8, 1928, the Commander-in-Chief made the following long and important statement on military expenditure: "It is true that in India, as in other countries, the expenditure on defence services must

be regarded primarily as a payment in the nature of a National Insurance premium, but it by no means follows that it is entirely unproductive." He declared that of the total gross expenditure of Rs. 56.72 crores, the amount spent in India was Rs. 43.65 crores, being the equivalent of 77 per cent. of the total expenditure incurred, the balance being spent in the United Kingdom. It was evidently the thesis of the Defence Services that, whatever might be the incidence of defence expenditure, both in respect of its relation to the total expenditure of the country and of its burden upon the community, it was being spent in this country, with the result that everything might be considered as safe and correct !!

Proceeding, the Commander-in-Chief said: "The Army in India is at present no greater than—and many would be no less than—the minimum required for carrying out its appointed *role*. It is responsible for the external defence of India and for internal security, for the security of Indian States, as well as of British India; for, we are bound by solemn treaty to provide for the defence of Indian States, and can no more think of ignoring that obligation, than His Majesty's Government could have denied the obligation to assist Belgium to which they were similarly bound by Treaty in 1914. In the general field of external defence, the world is not so peaceful that we can afford to make less efficient an Army already reduced to the minimum, and the corollary of this is that we cannot admit of any lowering of the standard of efficiency."

He then said that the three main planks of the Defence policy of the Government of India were that a further measure of Indianisation was necessary, that the efficiency of the Army in India must not be allowed to be diminished, and that there must be no breakdown in the supply of British troops to the extent required. Then, the Commander-in-Chief said that there would be more vacancies made available at Sandhurst, and that Indians would be admitted to Woolwich and Cranwell. He indicated two departures from the recommendations made by the Skeen Committee, which, as far as we are concerned in this book, are of considerable interest. He said that the Skeen Committee had recommended the policy of what was then known as the Eight Unit Scheme, and that Indian cadets should be gazetted to any unit of the Indian Army. This recommendation was made by Skeen Committee in order to avoid unpleasantness relating to the segregation of Indian Officers from their British compeers attached to the various units of the Army in India. The Commander-in-Chief, however, said that the Government of India were not "con-

vinced that the policy of posting officers as recommended by the Committee could be pursued without running risks of reduced efficiency than they considered justifiable." The result was that Indian-officered regiments came to be established in the late twenties of the present century.

The Commander-in-Chief further stated that the Government of India were unable to agree with the recommendation of the Sken Committee that an Indian Sandhurst should forthwith be established in this country, "because, according to that time-table, the number of candidates from India would by that time be large enough to justify the establishment of an Indian Military College, and also would probably be more than Sandhurst could be expected to accommodate."

In 1930, when talk about Disarmament, at any rate as far as Britain was concerned, was constantly before the minds of statesmen in the world, the Army Secretary* had the temerity to tell the Indian Legislature that "it is impossible to estimate the effect of the question of international disarmament on military expenditure in India, and indeed of any country, until the question itself has been solved by international agreement, and the conditions and extent of disarmament, if any, are known. It would, therefore, be premature at present to discuss the above effects with His Majesty's Government". One would have appreciated a statement of this character in 1935, after Mussolini's attack on Ethiopia, or in 1939. But to be told in 1930 that the Government of India could not see their way for the reduction of Military expenditure, coupled with their decision never to reach a maximum of Indianisation, is something which must only be characterised as the equivalent of the determination of His Majesty's Government to saddle India with British troops, with higher costs of recruitment and maintenance and pensions; to offer British troops in India opportunities for training on a war footing, even if only to the limited extent of operations on the North-West Frontier; to modernise and equip the Army in India from time to time with the latest weapons, in order that it would not fall short of the assigned duty of functioning as Imperial service troops for the protection of the British Empire at an enhanced cost to India; and, finally, to prevent a "judicious" apportionment of the increased costs involved in this modernisation and equipment programme as between India and Britain,

* *Ibid.* January 28, 1930,

ECONOMIC DEPRESSION AND STABILISED BUDGETS

It is true that it was announced * in 1930, during the Budget discussion, that a new feature was instituted in the Defence budget, being the provisional fixation of the same at Rs. 55.10 crores a year "for a total period of four years." The Budget after 1931-32 had certainly been reduced, but it must be remembered that the immediate post-war price levels must be kept in view for comparison, and that the effect of Britain going off the gold standard and the world economic depressions was considerable.

DEFENCE BUDGETS

1927-28 to 1934-35

			Crores of Rupees
1927-28	..	..	54.79
1928-29	..	..	55.10
1929-30	..	..	55.10
1930-31	..	..	54.30
1931-32	..	..	51.76
1932-33	..	..	46.74
1933-34	..	..	44.42
1934-35	..	..	44.34

Few in this country today recognise the ravages of the Great Depression of 1929. In any case, earlier talk about Indianisation and retrenchment of expenditure on the Defence Services had evaporated into thin air. Thus, we find the Army Secretary telling Mr. Gaya Prasad Singh (Legislative Assembly, September 5, 1928) that "in the immediate present there is not prospect of a further reduction" of Defence expenditure. When a reference was made to the confidential memorandum of Lieut-General Sir Andrew Skeen, after whom the name Skeen Committee on Army reorganisation had come to be known to us, he said: "Owing to the developments that have taken place in foreign armies and with which we must keep pace, we have now reached a stage when the Army in India needs to spend in the next few years a minimum of 8 crores of rupees on the modernisation of armaments and equipment, in addition to the sum normally available for the purpose. The Government of India have recognised that, in view of the urgent need for equipping the Army on modern lines, the

*The Army Secretary in Central Legislative Assembly, March 14, 1930.

policy of progressive reduction must be temporarily abandoned, and have recently come to an agreement with the Commander-in-Chief on the subject”.

The first Budget statement of Sir George Schuster (February 28, 1929) contained the following remarkable statement: “By 1926 it became evident that stringent curtailment in expenditure has produced deficiencies in certain essential equipment, and also that the Army in India is compelled to keep pace with the modern developments adopted by the British and other Armies”. Hence, he argued that there could be no reduction of Military expenditure.

This attitude of the Government of India in 1929 supplies a pertinent parallel to the attitude taken up by their successors ten years later, when the Chatfield Committee was appointed for the purpose securing the modernisation and equipment of the Army in India. The only difference at this period was that the question of allocation of increased expenditure, on the modernisation of the Army as between India and Britain, did not come into the picture as prominently as it did before the Second World War. Those were the days for smug bureaucratic confidence, and the Government of India merrily went on with their experiments without any reference to the wishes of the people.

The World Economic Depression, following in the wake of the Wall Street crash of 1929, set into motion a train of events which had all but completely destroyed the economic solvency of this country during the fateful years of 1930 to 1934. Ways and means for the reduction of public expenditure, which had soared into regions hardly ever touched by the spending Departments of the Government of India, during a century and a half of the British connection, were now eagerly looked for. Since, however, it was always understood that Military expenditure in India was on a cash basis, there was no question of bargaining on the part of Civil Departments with the Army Headquarters, where the Commander-in-Chief ruled supreme. The Commander-in-Chief was not only the executive head of the spending Departments of the Military services, but was also a member of the Executive Council of the Governor-General, the result being that he would not only make estimates of expenditure as a defendant Department would do for submission to the Finance Department of the Government of India for formal approval, but also sat as a judge along with his other colleagues of the Executive Council. This supremacy of the Commander-in-Chief had a lease of life for fifteen or twenty decades, in a manner which must be stated to be completely without parallel anywhere in the world.

But the repercussions of the immediate post-war boom after the Treaty of Versailles and the cyclical depressions, which had almost succeeded in knocking the bottom of economic equilibrium out of this country, had reversed the position of the Commander-in-Chief to a very appreciable extent. In the memorandum on Defence Estimates for 1933-34, the Financial Adviser, Military Finance, wrote that "it was almost found necessary to call upon His Excellency the Commander-in-Chief to surrender savings which, under the Stabilization Agreement, he would have applied towards the carrying out of the Rs. 10 crore re-equipment programme. These savings were either surrendered out to Government, or were applied to meet special expenditure which was not contemplated when the standard figure of Rs. 55 crores was adopted." I would take up the implication of the substance of these arrangements later in this Chapter, but the point of supreme interest for us at the moment is the gradual manner in which the civil departments sought to exercise their control over Military expenditure at this period in our national history, not because of any established dereliction of duty on the part of the Commander-in-Chief or of the Army Headquarters, but simply because the country's back was almost broken and the people could not shoulder the burdens any longer. It is, however, not my intention to unnecessarily laud this temporary high resolve to reduce expenditure, particularly Military expenditure, in this country, which the Government of India, obviously goaded by public opinion both in this country and in Britain, had before themselves. For, this resolve had only evaporated into thin air as a result of a series of subsequent arrangements, which ultimately left the Commander-in-Chief and the Army Headquarters once again free to order their affairs in the manner they considered best, and, at any rate, in conformity with the unquestioned supremacy which the Armed Forces of either the East India Company or the Government of India had always possessed before and after the events of 1857.

One of the recommendations of the Army Retrenchment Sub-Committee was to secure a reduction in the bulk and the simplification of the estimates of receipts and expenditure relating to the Military Departments of the Government of India. The process of simplification was, however, conditioned by the necessity to present the estimates in a form which would be useful to the Government and informative to the public. The estimates for 1933-34, which were drawn up in accordance with the recommendations of the Army Retrenchment Sub-Committee, were, for the first time, called-

Defence Estimates, as distinct from the term Military Estimates which was used before that year, for the reason, as the memorandum on the Defence estimates for 1933-34 stated, that it "tended to obscure the fact that they covered expenditure on the Royal Air Force and the Royal Indian Marine as well as in the Army". Consequently, what was hitherto known as the Military Reserve Fund came to be known as the Defence Reserve Fund. The estimates for the Military Engineer Service were abolished, and a revised division of Defence expenditure was brought about under three main heads of account: Defence Services—Effective; Defence Services—Non-effective; and Defence Reserve Fund. There was, however, the assurance that this change of form involved no substantial change in the system of accounting, and that the cash basis of Defence Estimates and Accounts continued.

TWENTY-SIX YEARS OF DEFENCE BUDGETS

Crores of rupees

1921-22	..	..	..	69.81
1922-23	..	..	..	65.27
1923-24	..	..	..	56.23
1924-25	..	..	..	55.63
1925-26	..	..	..	56.00
1926-27	..	..	..	55.97
1927-28	..	..	..	54.79
1928-29	..	..	..	55.10
1929-30	..	..	..	55.10
1930-31	..	..	..	54.30
1931-32	..	..	..	51.76
1932-33	..	..	..	46.74
1933-34	..	..	..	44.42
1934-35	..	..	..	44.34
1935-36	..	..	..	44.98
1936-37	..	..	..	45.45
1937-38	..	..	..	47.35
1938-39	..	..	..	46.18
1939-40	..	..	..	49.54
1940-41	..	..	..	73.61
1941-42	..	..	..	103.93
		Capital Portion	plus	Revenue portion
1942-43	..	49.14	..	189.75
1943-44	..	37.45	..	358.40
1944-45	..	59.40	..	395.48
(Revised) 1945-46	..	17.76	..	376.41
(Budget) 1946-47	..	..	..	243.77

In the memorandum on Defence estimates for 1933-34, discussing the results of the enforcement of the recommendations of the Inchcape Committee in 1923, it was stated: "There was a substantial decrease in the numerical strength of the Forces, but quite a disproportionately greater reduction in the provision for maintaining the reduced Forces. In other words, that balance between fighting strength and maintenance services, which is essential to produce an efficient force, was impaired. In 1927-28, the effects of this policy came to a head, and the Government of India found themselves in a dilemma. On the one hand, the equipment of the Defence Forces had fallen, and was progressively falling below modern standards". It was estimated that a special outlay of about Rs. 10 crores, over and above the cost of maintenance, would be required in the next few years to ensure that the Forces would be in a condition as could be regarded as an up-to-date force. On the other hand, on general financial grounds, the Government, the memorandum continued, could not contemplate an increase in the Defence expenditure.

Having arrived at this balancing of the *pros* and *cons* of the effects of retrenchment on the fighting qualities of the Army in India, in relation to the outcry for a reduction in expenditure arising out of the Economic Depression sweeping the country at that time, the Government of India felt the need for what has been termed the stabilisation of the Defence budget. I give below the terms of this stabilization scheme, and it will not take long for the reader to recognise that what reductions were at all made in the unbearable Defence budgets of the country, were restored back into the pockets of the Commander-in-Chief, in perhaps the subtlest manner imaginable.

The stabilised Defence budget of the Government of India, for 1928-29 and for the three successive financial years following, was the allotment of a fixed sum of Rs. 55 crores at the disposal of the Commander-in-Chief. During these four years, the Military Department was to carry out a special economy drive, calling upon all officers to co-operate in eliminating all possible forms of unnecessary expenditure, and that they should be allowed to retain all savings on the estimates, whether automatic or secured by special measures of economy, the accrued amount being applied towards working off the special Rs. 10 crores re-equipment programme. The most interesting feature of this stabilisation formula was that, unlike in previous years when unutilized portions of Military appropriations lapsed, they were carried forward

and formed a nucleus of the Military Reserve Fund, "through which savings in one year could be carried forward for expenditure in a subsequent year, where such a course was considered to be convenient and economical."

This interesting experiment was carried on during the years 1928-29 and 1929-30 only, for in the latter year the general Economic Depression had taken a grip on the financial position of the country, with the result that the principles of a stabilised Defence budget had to be completely revised. The operations of the North-West Frontier, the suppression of the Burma Rebellion, the establishment of an additional garrison in Bengal, and "*the cost of movements of troops which have, from time to time, been necessary for dealing with the Civil Disobedience Movement during the years 1930-33, estimated to have cost an additional amount of Rs. 2 crores*" (*italics mine*), naturally created additional complications to the position of the Defence budgets, and only windfalls had saved disaster. These windfalls were estimated to be of the order of Rs. 3½ crores during the years 1928-29 and 1931-32 inclusive, and included the results of a fall in commodity prices, the turnover of British Other Ranks from old rates of pay to the reduced rates fixed in 1925, and the economy campaign. It was slyly suggested by the Defence authorities that the stabilised Defence budget sought to secure funds required for the Rs. 10 crores re-equipment programme without increasing the annual Budget, and a permanent reduction in the level of standing charges required for the maintenance of the Army in India, after the end of the period of stabilisation.

The financial crisis of 1931-32, however, knocked the bottom out of the stabilised Defence budget, and the Army Retrenchment Sub-Committee had to give a hand in securing further retrenchment in Defence expenditure, with the result that, for 1932-33, Sir George Schuster was able to announce that the Commander-in-Chief accepted an allotment of Rs. 46.74 crores, in comparison with the basic Rs. 55 crores decided upon in 1928-1929. For the year 1933-34, the Commander-in-Chief accepted this reduced allotment, even though the 10% cut in pay was restored from April 1933, at a cost of Rs. 1.05 crores. The reduction of some Rs. 7.25 crores in the expenditure of the obligatory standing charges on the levels of 1928-29, which was secured in 1932-33, did not, in the least, make it possible for this country to achieve a permanent reduction of Defence expenditure. The Financial Adviser, Military Finance, in his memorandum on the Defence estimates for 1933-34, specifically stated that "it cannot be claimed, however, that

the figure of Rs. 46.74 crores represents as yet the new-permanent level of standing charges," the reason being that whenever prices rise again the Defence budget automatically rises. He also stated as follows: "Certain of the retrenchment measures, which have been put into force, have the effect of reducing current expenditure on stores, by diminishing the quantities held in stock. This process obviously cannot be continuous, and when surpluses have been consumed current expenditure is bound to rise again". He had further specifically stated that the postponement of building and other programmes could not be indefinite.

It will, thus, be seen that at every stage in the evolution of India's Defence budget, the Military authorities had their supremacy always unchallenged. If there was public outcry for reduction in Defence expenditure, arising out of the need for maintaining financial equilibrium, or when powerful economic factors like the Economic Depression of 1929-30 swept over the country, a show of retrenchment and economy was always made. But the fact must be remembered that a process of juggling with accounting methods was always indulged in, to see that the sum total of the demands of the Defence Department on the public fisc did not in any way represent any sliding off from the position of the Army of Occupation represented in the Defence Services in this country. Sir George Schuster himself told the Central Assembly in 1933 that "if prices were to rise again, as in the general interest of the country one must hope they will come up, obviously under this head charges would increase," the reference being to the effect of the fall of commodity prices on the level of Defence expenditure in the proceeding financial years. Of course, the Finance Member had to give a bouquet to the Defence authorities in the following language: "They have given them [the expenditure reductions] without rancour, because they recognise the greater urgency in the public interest of preserving financial equilibrium during this critical time, and they have for this reason been whole hearted co-operators with the Finance Department, in a task which I know has been most distasteful to them." But these outbursts of co-operation on the part of the Defence authorities with the Finance Department were but short-lived, and so goes on the story of adjustments in respect of Defence expenditure, which at best were only temporary.

The memorandum on Defence expenditure for 1934-35 claimed that the Budget figure for that year nearly Rs. 10.75 crores less than the expenditure of 1928-29. The memorandum stated: "The remarkable reduction is to some extent due to

costs wholly or partially outside the control of the military authorities in India. Thus, in round figures, one crore of the reduction is due to the fall in prices, one crore of the effects of 1925 revision of pay of British soldiers, 2 crores to the recent contribution by His Majesty's Government towards Indian Defence expenditure, and one crore to the continuance of the general emergency pay cut." But, after allowance has been made for these factors, there remained a solid reduction of more than Rs. 6 crores, effected by the efforts of the Military authorities themselves, both in the economy campaign which was started in 1928-29 as one of the stabilised budget arrangements, and in the course of the subsequent retrenchment campaign in collaboration with the Army Retrenchment Committee. This reduction has been secured partly by slowing down the re-equipment programme, partly by the postponement of works expenditure, partly by reduction of stocks of stores, and partly by real, permanent retrenchment and economies.

An insight into the working of the Defence budget was provided by Sir George Schuster, while reviewing his five year's stewardship for the finances of this country, in his budget statement for 1934-35 (Section 22). He said: "In 1920 we were working under the plan which was known as a Contract Budget for the Defence Estimates. In 1927-28 the Government of India had to face the fact that, owing largely to the Inchcape retrenchments, the equipment of the Defence Forces had fallen, and had continued to fall below modern standards, and an outlay of 10 crores in the next few years was required to put matters right. On the other hand, the financial situation was such that an increase of the Defence budget could not be contemplated. The remedy adopted was to stabilise the budget figure for 4 years at the existing level of 55.10 crores, and to allow the Army authorities to retain and apply towards the re-equipment programme any savings which they could effect—either the automatic savings which were then in sight as a result of a decision of His Majesty's Government in 1925 to reduce the pay of British soldiers for new recruits, or savings from a special economy campaign which they will undertake to launch. They, in short, had a total allotment of 220.4 crores over 4 years, and had expected to find 10 crores of that for re-equipment. The deterioration in the financial position as a result of the economic depression, which began in 1929, soon, however, made it necessary to reduce the contract grant. The full amount was provided for 2 years only, and then in 1930-31 it was reduced to 54.30 crores, and in 1931-32 to 51.76 crores. On top of these reductions came the retrenchment campaign, and for the next two years the grants came =

46.74 and then to 46.20 crores. The net result is that in the from years destined for the original contract, the sum total fell short of the original plan by about 4 crores, while since then the grant has been reduced to the bare level of standing charges. Nevertheless, the greater part of the re-equipment programme has been accomplished, with the result that the sum required for the building programme now amounts only to just over 2 crores."

In contrast to the above, I must quote here the memorandum on expenditure on Defence Services for 1935-36 (para 4) : "Hon'ble Members, have been warned from time to time that the budget allotments accepted by H. E. the Commander-in-Chief during recent years should not be regarded as making a new permanent level of Defence Expenditure, because to some extent the very large reduction made have been achieved by measures of a purely temporary nature. Apart from the fall in general price levels and the emergency cuts in pay, the most important among these temporary measures have the curtailment of building and other programmes, and the cutting down of stocks rendered surplus by retrenchments. The curtailment of building programme has resulted in the accumulation of commitments which can no longer be postponed; in fact the maintenance of certain old buildings, the construction of which has become overdue, has become uneconomical. It has, therefore, been necessary during the coming financial year to increase the allotment of works by 25 lakhs."

GRIGG'S "PROSPERITY" FINANCE REGIME

The advent of Sir James Grigg, as Finance Member of the Government of India, synchronised with a decision of the Defence authorities to take off the mask of retrenchment, and to come out in the open with proposals for increased expenditure on Defence Services. It is admitted that the beginning of the passing out of the Economic Depression has certainly meant a considerable difference to costs, both to the individual and to the State, but the fact remains that the much-lauded work of the Inchcape Committee and the Army Retrenchment Sub-Committee, and the change-over from a contract budget to a stabilised and retrenched budget for Defence, have receded into the background, almost according to plan.

Sir James Grigg in his first Budget for 19-3536 (para. 15) made a reference to an increase of Rs. 7 lakhs in the Defence

budget, as a result of the restoration by His Majesty's Government of the cut in the pay of British soldiers, which accounted for Rs. 5 lakhs, the balance being accounted for by a considerable increased provision for necessary re-equipment which was postponed during the financial emergency. Sir James Grigg was noted for the highest degree of candour, and this was how he referred to the abandonment of the policy of retrenchment and the cutting down of Defence expenditure: "In his Budget speech last year, my predecessor again communicated to the House, a warning previously given, that the large reduction in Defence expenditure in recent years had been secured in some degree by emergency measures of a temporary character, and that the figure of 44.38 lakhs could not be regarded as representing a new permanent level of Defence expenditure. The contingency then foreseen has become a fact, and new or rather postponed services amounting to 67 lakhs have had to be provided for. This sum has been found, as to 20 lakhs for closer estimating for grain and other foodstuffs, and as to the remainder by economies in other directions."

The story of Griggian unconcern about the economic position of a country, which was just then trying to cast away the slough of Depression, had long been recognised as constituting a tale of unmitigated British callousness towards the weal of a subject people. Within twelve months after his first budgetary statement, Sir James Grigg launched forth a description of Defence expenditure in the most curious manner imaginable. In the first place, he said there was an increase of Rs. 50 lakhs on account of Quetta reconstruction, taking the total Defence budget to Rs. 45.55 lakhs. Then, he said, there was underspending to the extent of Rs. 65 lakhs over the previous year's budget, the items being made up of small accounts relating to the absence of troops from India, the results of the "War Bloc" scheme, *etc.* In the same breath he mentioned excesses of individual spending to the tune of Rs. 33 lakhs, the chief item being increased demands for stores, and operations in Waziristan. Finally, he came, in the most inexplicable manner possible, to the conclusion that underspending "has been no more than Rs. 55 lakhs, and this is the amount which we expect to lapse to the D.R.F." The Defence Reserve Fund, which, as the master table in the next Chapter shows, has already become a special head of Defence expenditure.

Sir James Grigg had this very clever observation to make: "During the year, in addition to 5½ lakhs mentioned above, sums of 33 lakhs representing contributions to

military equalisation funds, and 45 lakhs representing postponed liabilities, will be deposited in the Fund." In 1938-39 (paragraphs 31-36) he mentioned an item of Rs. 18 lakhs in increased expenditure on Defence Services, as being "due to a change in accounting procedure in connection with the duty on petroleum and kerosene." The reader will no doubt come to the inevitable conclusion, that, at all events, as far as Defence expenditure was concerned, a century of British manipulation of accounts almost leaves him in a wilderness, from which he cannot hack his way to enlightenment and understanding.

In 1938-39, as if presaging the Second World War, Sir James Grigg made a reference to two agreements with His Majesty's Government, obviously for the purpose of procuring the simple working of Defence Services in India as an efficient and competent combatant force, and actually making the people of this country shoulder financial responsibilities far out of proportion to their resources. In the first place, Sir James Grigg referred to the Chatfield contribution by His Majesty's Government of Rs. 80 lakhs towards the capital cost of mechanising British Cavalry and Infantry in India, the first instalment of Rs. 27 lakhs being brought into the accounts of the Government of India for 1938-39. The second agreement deals with Naval Defence and expenditure chargeable to Indian Revenues on its account. As we have seen earlier, for long years past India was charged with a direct contribution of £100,000 a year to His Majesty's Government "towards the Naval Defence of India and the protection of trade in alien waters," in addition to defraying the costs of a series of miscellaneous charges. The conversion of the Royal Indian Navy into a combatant service, and the decision to build up local Naval Defence, apparently led to this Naval agreement between the Government of India and the British Admiralty. The terms of this Agreement were that His Majesty's Government would forego this annual payment hitherto made, provided the Government of India maintained a seagoing fleet of not less than six marine escort vessels, which would be free to co-operate with the Royal Navy for the Defence of India, in addition to fulfilling their responsibility for the local naval defence of Indian ports. The direct contribution to the Admiralty was said to have ceased from April 1st, 1938. Thus, Indian sloops saw service in the Mediterranean and the North Sea during the Second World War.

The placing of the Royal Indian Navy on a national footing would certainly have been hailed as a step in the right

direction, even by the most political minded people in the country who wanted to shake off their slavery of Britain. Despite the long maritime traditions, which we as a people possess on the West Coast, in Malabar, in Andhra areas, in Bengal, in Kathiawar, etc., and despite this placing of the Royal Indian Navy on a combatant footing, after six years of experience in the Second World War, we do not even today find one single naval craft commanded by an Indian officer !! The impression becomes irresistible that the reorganisation of the Royal Indian Navy on a combatant footing had been undertaken in 1938 to suit the convenience of His Majesty's Government, and that the costs of the Naval Defence of India were, in the certain knowledge of the impending Hitlerite war, shifted on to Indian revenues, while the inevitable mad rush towards expansion of the Royal Indian Navy was also indulged in. This so-called expansion and consolidation of the Royal Indian Navy, as a combatant force, has been so deftly camouflaged, to suggest that the Royal Indian Navy is Royal, is Indian, and is a Navy, though the fact remains that it is only an adjunct to the Army of Occupation which Britain has maintained during two hundred years of her domination of this country. Wholesale demobilisation of the personnel of the Royal Indian Navy was under way even by the beginning of 1946, for the storm over the Empire had blown over by that time !!

Most of us have read the pathetic history relating to recruitment to the Royal Indian Navy during the preceding War and, if I am not mistaken, the sad and sordid story of *Dufferin* Cadets is being repeated, if only on a grander scale, in this supposed reorganisation, expansion, consolidation and, more than everything else, "nationalisation" of the Royal Indian Navy, which Sir James Grigg announced through the expenditure agreement between the Government of India and the British Admiralty in 1938.

As I have said earlier, the mask of retrenchment had, by now been openly and completely taken off, and it would have been understood and even appreciated in the country, in the certain knowledge of impending international hostilities, if only the accounting methods of the Government of India were more straightforward and intelligible.

As one wades through the mass of documents and statistics relating to the revenue and budgetary position of the Government of India, one comes across a series of impressions which had better be recorded here. Firstly, one sees - an array

of imposing figures which possess neither logic, nor sequential continuity. Then, he is hit with the impression that the authorities never bothered about the necessity or purpose in making available such of the information relating to Defence expenditure, as they, at their sweet will and pleasure, deem sufficient to whet the curiosity of the Indian tax-payer. Thirdly, the manner in which the accounts are cooked up from year to year is clumsy in the extreme. Fourthly, when apparently the authorities become conscience-stricken, they talk of retrenchment and reorganisation and re-equipment in the same breath, with the result that what is saved on one account is more than doubly spent on another. No greater illustration of these clumsy attempts of the custodian of the public fisc in India is needed than that of the increase of Rs. 18 lakhs due to a change in accounting procedure in connection with the duty on petroleum and kerosene!! And, finally, whenever allocations are made of expenditure between His Majesty's Government and the Government of India, "the devil always took the hindmost", and the revenues of this country are saddled with burdens and imposts which tended towards mercilessly breaking the back of the nation.

I for one would certainly demand an attempt to create a strong and well-equipped and adequate *National* Army, Air Force and Navy, and in this eventuality costs would not be objected to by the people of India, for the simple reason that the Defence Services of the country would be completely national in character, without even remotely resembling an Occupation and/or Mercenary Army, and enhance the prestige of India in the international sphere. The pity of it is that the Army in India is provided with a budget far in excess of what is available for the Centre to spend in the realm of nation-building activities like health, education, etc., with the specific proviso that the British element must dominate the entire scheme and charge the revenues of the country with costs, which are anything between four to five times more than what they would have been if the entire officer cadre and personnel of the Defence Services were Indian.

Step by step, Defence Expenditure began to mount up once again during the years preceding September 3, 1939. In the 1938-39 Budget, Sir James Grigg announced an increase of Rs. 3.22 crores over the revised estimates of the previous year. Operations in Waziristan, the abandonment of the Lahore abattoir and the associated scheme for the establishment of cold storage facilities in Northern India, expenditure on the reorganisation of British Cavalry and Infantry in India, rises

in prices, and the increased cost of British troops resulting from the grant by His Majesty's Government of various improvements in the conditions of service "in an attempt to arrest the growing shortage of recruits", accounted for this considerable increase in one single year. Very coolly, the Finance Member paid a tribute to the officers entrusted with the liquidation of the Lahore a battoir and the establishment of cold storage facilities in Northern India, which would have cost *a mere Rs. 50 lakhs*, but which were brought into account at a revised estimate of Rs. 26 lakhs. It will be clear that whenever Defence expenditure comes to be discussed, a series of items are dexterously brought before the public gaze and innocently explained away as being of small consequence, in the process screening the fact that mistakes continue to be recklessly committed and even more recklessly re-adjusted. Thus did Sir James Grigg prepare the way for Sir Jeremy Raisman to aimlessly, but dangerously effectively, cut his way through to meet the demands for money during the Second World War.

CHAPTER IV

COSTS OF SECOND WORLD WAR

"Security in these disturbed times is only to be purchased at a heavy price, and the House will no doubt be prepared for a bill of unusual magnitude. . . . In actual practice the majority of War measures in India are not, in the nature of things, taken solely in India's interests, nor solely in the interests of His Majesty's Government; but in the joint interests of both. Such measures have conventionally become known as joint War Measures. The war machine in India has a very complex organisation, and it is not always possible to establish direct connection between a Defence measure and a distinct class of War activities".

—Sir Jeremy Raisman in his Budget Statement for 1943-44.

India's Privations and Self-denial—Modest Early Increases—External Defence Forces—Master Allocation "Agreement"—Implications of Global Strategy—A Bill of Unusual Magnitude—Principle of "One Joint War Measure"—Revenue and Capital Heads Instituted—Lend-Lease and Reciprocal Aid—Revised Financial Agreement—"Terminal Payments" of First Peace Budget.

INDIA'S PRIVATIONS AND SELF-DENIAL

It is to be feared that the full truth will never be told about the expenditure, in particular about the Defence expenditure, charged to the revenues of India during the Second World War of 1939-45. The predominant impression which one gathers, while examining the statements made by the Finance Member before the Central Legislature, and the results of the inquest held at various stages by the Public Accounts Committee and the Military Accounts Committee, is that the straight truth was never told to the people of this country, firstly, as regards the amount of expenditure actually incurred for Defence and other war-time measures; secondly, the manner in which it was allocated between the Government of India on the one part and His Majesty's Government on the other; and, thirdly, the ways and means adopted for raising these colossal amounts in order that the operations of the General Headquarters and

the activities of the Government of India were carried out from day to day.

In the old days, budgeting was a simple affair, for it contained an unvarnished and straightforward statement of revenue and expenditure, accompanied by a detailed exposition of the manner in which revenue was raised and expenditure was incurred. A period of war is necessarily a period of waste and hurry, in which the plans of any Government, especially in the Military or Defence department, are upset by a variety of circumstances, *e.g.*, those relating to the intentions and movements of the enemy and the manner in which the battle theatres take shape, which play a very vital part. One can very readily understand the point that the General Headquarters and the Commands in the fields of battle have to alter their plans, almost without prior discussion, in order to meet exigencies as they arise. On the same token, it is equally understandable that the expenditure incurred on military operations is subject to violent fluctuations.

I have come across numerous instances during the past six years of the Second World War, when the thousand and one accessories which go towards making up war equipment had been hurriedly purchased, purchased at uneconomic prices, were found to be unsuitable in quality, and, hence, jettisoned, as in the case of the scorched-earth policy, precipitately pursued at the time of the temporary, hectic and vain push of the Japanese into Assam and Bengal. As platoons, regiments and battalions move into the forward areas, structures are put up, roads laid out, godowns built, stores and food moved in, *etc.*, only to be abandoned, jettisoned or left to rot, according to the course of military events at any particular moment, in any particular theatre of war. This is understandable, but no one in this country knows, because he is not enabled to know—I would almost say he is prevented from knowing—how much of the Rs. 2,400 crores which were brought into account by Sir Jeremy Raisman and Sir Archibald Rowlands as constituting the Defence expenditure of India, during the years 1938-39 to 1946-47, whether it is four, six or eight annas in the rupee of this colossal amount of money, which is justifiably the expenditure chargeable to the revenues of this country. In addition, he does not know what the aggregate amount is of the wartime loot of the Army contractor, who charged unconscionable prices to the Government of India, and what the colossal amount of wastage is in military operations.

I am aware that even in politically free countries like the United Kingdom and the U.S.A., military wastage is inevitable and is always acquiesced in without murmur. But the quarrel in this country with Sir Jeremy Raisman, that I.C.S. Officer who became the Finance Member of the Government of India and remained as such till almost the conclusion of the recent international hostilities, is that he had very dexterously sought to complicate the mechanism of war-time budgeting, and left a legacy to his successor and to the people of this country which can certainly not be called enviable.

This is the reason why War Secretary Mason, intervening in the debate on the first Peace Budget in the Central Assembly (March 5, 1946), was apologetic about wastage in Defence expenditure, and the lack of opportunities for the operation of peace-time scrutiny of and checks on the same. The table on the next page illustrates the progress of Defence expenditure during the years of the Second World War.

ANALYSIS OF DEFENCE SERVICE RECEIPTS AND EXPENDITURE (ACCOUNTS)

(In crores of rupees—round figures)

Head of Budget Item	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46 (Revised)	1946-47 (Budget)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
EXPENDITURE										
58 <i>Defence Service—Effective.</i>										
(1) Normal cost of Defence Services—Effective	..	43.74	36.77†	30.77†	36.77†	30.77†	30.77†	30.77†	36.77†	36.77†
(2) Lump provision for increase in prices	..	..	1.19	2.57	4.39	7.97	14.44	18.73	19.22	17.46
(3) War Emergency, 1939	..	..	3.61	26.63	65.43	165.17	307.99	347.12	321.86	179.32
Total	45.67	43.74	41.56	65.97	90.53	209.91	359.20	402.61	377.85	233.54
59 <i>Defence Services—Non-effective</i>										
(1) Army	8.30	8.41	8.00	8.72	8.03	8.51	8.72	9.39	10.70	10.85
(2) Air Forces	.05	.05	.03	.03	.03	.03	.03	.03	.01	.01
(3) Royal Indian Navy	.10	.10	.09	.09	.08	.08	.08	.08	.10	.10
Total	8.45	8.57	8.70	8.84	8.80	8.63	8.81	9.48	10.81	10.97
60 <i>Transferred to and from Defence Reserve Funds</i>										
Total Expenditure	— 1.55	-- 24	..	..	..	..	..	..	..	..
	52.47*	52.07	50.27	74.81	105.38	218.51	363.01	412.10	388.60	244.51
RECEIPTS										
XLVII Defence Services—Effective	4.83	5.43	.09	.73	.99	3.55	9.24	16.51	12.20	.70
XLVIII Defence Services—Non-effective	.43	.46	.63	.46	.46	.38	.36	.10	.01	.01
Total Receipts	5.25	5.89	.72	1.19	1.45	3.92	9.60	16.61	12.25	.71
Net Expenditure	47.22*	46.18	49.54	73.61	103.93	214.62	358.10	395.49	376.42	213.77
6 <i>Defence Capital Expenditure</i>	..	..	..	..	..	52.51	37.40	59.41 (Revised)	17.76 (Budget)	1.57

Note :—The details in this statement do not tally with those given in the Budget Statements, as the figures have been recast in a different form.

* Exclusive of expenditure on Defence and Military Finance Departments amounting to Rs. 13,00,067. The earlier heads of expenditure, effective, have been omitted because since 1938-39 there was a new method of account introduced, making provision for increases in prices and wartime emergency

† Net lump sum provision.

An examination of the table on previous page gives us this "Raisman approach" to the revenue and expenditure problems of this country in the realm of Defence measures. There was, for example, the basic normal Budget, meaning thereby the position generally prevailing in this country in regard to Defence expenditure before the outbreak of the recent international hostilities, and this was stated to be Rs. 37.77 crores. Then, there is the effect of rise in prices for which provision was made, ranging from Rs. 1.19 crores in 1939-40 to Rs. 19.22 crores in the revised estimate for 1945-46; and Rs. 17.46 in the budget estimates for 1946-47. Next comes an item entitled "India's War Measures," an aggregate which certainly defies the intelligence of the ordinary mortal in this country and which progressively, I would almost say precipitately, shot up as a perpendicular reaching the top, from Rs. 3.60 crores in 1939-40 to Rs. 351.01 crores in 1945-46 (revised estimates being Rs. 321.86 crores) and to Rs. 179.32 crores in the budget estimates for 1946-47. There is an item entitled "non-effective charges," which almost remained stationary, with minor oscillations from Rs. 8.70 crores in 1939-40 to Rs. 10.81 crores in 1945-46 (revised estimates), and Rs. 10.97 crores in the budget estimates for 1946-47. These four items of effective and non-effective expenditure are listed together as constituting the expenditure of the Defence Department of the Government of India, and the progression showed by these items is illustrated by the fact that what was only Rs. 50.26 crores in 1939-40 rose to Rs. 412.09 crores in 1944-45, with a small drop in the revised estimates of 1945-46, and reached Rs. 244.51 crores in the budget estimates for 1946-47, ten months after the fall of Hitler and eight months after Hiroshima. Estimated amounts stated to be due from His Majesty's Government, which I will discuss later in this Chapter, are included in these figures, but the preliminary point must be made and understood that God alone, and possibly the British Treasury, knows, for the Government of India does not wish the people to understand it, *how much was actually and finally paid out to India*. The experience of the First World War, and the Raisman touch, which I am discussing below, are guarantees that we will never understand this point. The story, however, does not end here. There are items of capital expenditure tagged on to the above, and they afford very interesting reading indeed. They first appear in the budget estimates of 1941-42, with but an odd amount of some Rs. 50 crores, rising to some Rs. 59 crores in 1944-45 (revised estimates), and coming down to Rs. 17.76 crores in 1945-46 budget estimates and Rs. 1.57 crores in the budget estimates for 1946-47.

In the detailed statements of Defence expenditure there

is a most innocent-looking, but formidable, item of expenditure brought into the books of the Government of India, entitled "miscellaneous expenditure connected with the War". This was a mere Rs. 8 lakhs in 1939-40, but it became Rs. 26.54 crores in 1944-45, dropping again to some Rs. 5 crores in the budget estimates for 1945-46. Then come two items of expenditure connected with war relating to the year 1939, both in respect of revenue and capital accounts, when the lid was blown off the equanimity of the authorities in India, and the stampede began for hasty conversion of the unprepared peace-time establishments of the Defence Services into a fighting machine on an effective wartime basis. Apparently these two items of expenditure were incurred right through the course of the eight financial years which are being reviewed here. These two items clubbed together varied from a mere Rs. 15 lakhs in 1939-40 to over Rs. 36 crores in 1944-45, though they were budgeted at slightly over Rs. 27 crores for 1945-46. It is conceded that wartime expenditure cannot have any peace-time standards, but it will be seen that what are called items of miscellaneous expenditure in 1944-45 were over 90 per cent of the basic normal Budget of 1939-40, and that the capital expenditure of that year was over Rs. 9 crores more than the total Budget, including provision for rise in prices and war measures, in 1939-40.

In 1944-45, the expenditure brought into the books of the Government of India on account of the Defence measures was nearly ten times more than the sum total of what was expended in 1939-40, and the provision for 1945-46, which incidentally saw the collapse of Germany and Japan, though these events were not actually anticipated by Sir Jeremy Raisman when he drew up his budget statements, is not very much less than the ten-fold figure for the previous financial year. If one takes the basic normal Budget and compares it with that for 1944-45, it will be found that in the latter year, the Budget for Defence expenditure was considerably over fifteen times more than what it was before war broke out. If you take the aggregate expenditure for these eight years at Rs. 2,400 crores, and compare it with what would have been the normal basic expenditure for eight years, the proportion would be nine times, or equal to fifty-five times the basic Defence budget of the last pre-war year.

These are permutations and combinations of accounting which are only intended to show, in broad sweeps, the colossal amount of Defence expenditure which this country's revenues were charged with. They do not in the least indicate

the manner in which these vast amounts of money were raised, nor for that matter the incidence of taxation which has weighed down the people of this country during the preceding seven years, and which are bound to weigh them down for a large number of years to come.

The truth will never be told, however, as to the additions—and these additions are legion—to the Defence expenditure brought into the books of the Government of India as illustrated above, and these additions include naturally the vastly increased expenditure of the Civil Departments at the Centre, in the Provinces and in the States. No one knows in this country anything about the manner in which the expenditure on scorched-earth policy, on the A.R.P. arrangements, on increased official accommodation and personnel in the civil line, and a host of other things, are allocated between New Delhi on the one part and the Provincial capitals and the capitals of the Indian States on the other. But the broad picture is clear, that over and above Rs. 2,400 crores which were actually brought into the books of the Government of India as constituting the Defence expenditure of the country during these eight financial years, scores of crores of rupees, possibly hundreds of crores, *must* have been expended by the Provincial Governments and the Governments of Indian States towards furthering the war effort. In addition, it is for Providence alone to know the privation gone through by our 400,000,000 people to make the war machine move, and no known yard-stick of measurement can be brought into play to assess the cost to this country of these invisible items of expenditure represented by the sacrifices of our people, a helpless mass of humanity constituting one-fifth of the total world population, in terms of self-denial. Perhaps, the 3,000,000, deaths from starvation in Bengal, since food was deliberately taken away from the mouths of struggling people in order to make the military machine move forward, provides only one single peep into the abyss of privation and self-denial into which the people of this country were ruthlessly marched. Even in 1946 we do not know our lot through possible starvation deaths from lack of food. These costs to the community can never be estimated in terms of rupees, annas and pies, and any attempt to estimate them will not give us any adequate picture of what India had paid towards the prosecution of War and towards the final Victory of our master. Since we cannot measure the unmeasurable, we can only content ourselves with examining the figures which the Finance Mem-

ber of the Government of India permitted himself to make public in respect of Defence expenditure connected with the Second World War, and this is what is attempted below.

The table on the next page, which is specially prepared for the purpose of this book, indicates that the not inconsiderable sum of Rs. 54 crores was spent on Civil Defence in the Indian provinces, and we do not know how much the Indian States have spent on this account.

PROVINCIAL EXPENDITURE ON CIVIL DEFENCE (In Thousands of Rupees)

Provinces	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45 (R.E)	1945-46 (B.E)	Grand Total
Bombay	—	—	—	73.63	74.55	77.92	54.78	2,80.88
Sind	—	—	—	12.77	12.96	4.87	1.75	32.35
N.W.F.P.	—	—	—	11.44	2.53	30	1.71	15.98
The Punjab	—	—	—	44.96	37.69	42.00	15.00	1,39.65
U.P.	—	—	—	97.14	39.76	23.89	16.05	1,76.84
C.P. & Berar	—	—	—	19.81	9.66	2.99	—	32.46
Bihar	—	—	—	39.01	41.22	36.68	6.47	1,23.38
Madras	—	76	—	1,07.79	2,30.71	2,30.84	2,10.97	7,81.07
Bengal :—Civil Defence	57	1,61	63.52	1,66.82	1,06.81	1,23.12	1,21.89	5,84.34
Miscellaneous	2,40	5,57	6,84	18.14	4,99.67	17,14.69	8,79.92	31,27.23
Total	2,97	7,18	70,36	1,84.96	6,06.48	18,37.81	10,01.81	37,11.57
Assam	—	—	—	16.06	23.58	16.43	16.44	72.51
Orissa	—	—	—	7.35	12.76	16.84	15.55	52.50
Grand Total	2,97	7,94	70,36	6,14.92	10,91.90	22,90.57	13,40.53	54,19.19

Note : R.E.=Revised Estimates; B.E.=Budget Estimates.

(Bengal :—Item Miscellaneous includes: (1) Price control; (2) Extra Police Force; (3) Extra staff for Defence Branch, Home Department, and for the Commissioner for Police, Calcutta; (4) Flax production; (5) Provincial Transport Controller; (6) Victory Celebration; (7) Home Guard; (8) Civil Supplies. *etc.*.)

(Figures from Provincial Civil Budget Estimates. Figures for the Punjab from Supplementary Government Gazette, Government of the Punjab.)

MODEST EARLY INCREASES

An examination must be made of the first of the regular six War budgets of Sir Jeremy Raisman, in order to bring together the relevant points which supply us with an inkling of the preparation for War. Little by little the prelude to the recent international hostilities was becoming more and more insistent, even though it must be said that in the budget statement of 1939-40 the Finance Member could not have forestalled the actual implications of the coming War. Still, it was obvious that the Armageddon was soon to be on, and the result was that the revised estimates for 1938-39 showed a net increase of Rs. 1 crore over the budget estimates. Actually, the gross increases in Defence expenditure were accounted for to the extent of Rs. 1.15 crores, due to improved conditions of service for British personnel, consequent on decisions taken by His Majesty's Government; Rs. 45 lakhs on Waziristan operations; and Rs. 32 lakhs on increased requirements of Ordnance Services. These increases aggregated to Rs. 2.16 crores, while reductions aggregating Rs. 48 lakhs, due to the abandonment of a scheme for the conversion of four British battalions into Machine Gun Units, were offset against them. A sum of Rs. 26 lakhs due to the slowing down of the programme of mechanisation of British Cavalry Units and other reorganisational measures, and another of Rs. 16 lakhs due to the withdrawal of British battalions, were also adjusted against the increases. This statement is based on the revised estimates for 1938-39.

Thus, as the War cauldron was simmering to boiling point, Sir Jeremy Raisman was able to tell the Central Legislature that his tinker's budget had merits of its own. This is what he said (paragraph 25 of Budget statement 1939-40) : "I do not suppose that there is another important country in the world whose Defence budget for 1939-40 will not show an increase, and, in some cases a very large increase, over the budget for 1938-39. Whatever may be the true position in this respect, it does not admit of doubt that no other country of importance has been able to escape with such modest increases in Defence expenditure as has this country during the past four year." He followed up with a bland statement that the sums which were allotted in the preceding years to the Defence budget "have not corresponded with military necessities, or the international situation; rather, they have been determined by financial exigencies."

Thus began the last pre-war Budget, or what might be termed as the first Shadow War Budget, of Sir Jeremy Rais-

man. He claimed that the expenditure was kept down to the level of Rs. 45.18 crores, owing to a variety of factors. There was the additional Garra Tribunal contribution of £500,000 which was announced in 1938, and the transfer to the Imperial establishment of four British Battalions, one Cavalry Regiment and five Tank Companies during the year, and the drawing from the Defence Sinking Funds of an amount of Rs. 49 lakhs "for purposes other than those for which they were set up." Sir Jeremy Raisman further announced that the budget estimate allowed for the receipt of £2,150,000 arising out of the initial part of £5,000,000 capital grant recommended by the Chatfield Committee, which His Majesty's Government was to pay India, in addition to the £500,000 of the Garra Tribunal contribution. He admitted that this capital grant was related only to certain British and Indian Units, and that it fell short of the sums required, if the Military and Naval forces of India "are not to be left in a condition far inferior to the Defence Forces of other countries." He also hoped that the relevant recommendation of the Chatfield Committee would be fulfilled, in order that India might have "those modern Defence Forces which are required by recent developments in military science and are dictated by the present world situation."

The European War was by now raging, but did not directly affect India. However, in his budget statement for 1940-41, Sir Jeremy Raisman arrived at Rs. 49.29 crores as the revised estimate for 1939-40, and Rs. 53.52 crores as budget estimates for 1940-41, as far as Defence expenditure was concerned. This "keeping down" of the Defence expenditure of this country to these levels, actually six months after the outbreak of the Second World War, might possibly lead the unwary student to an impression that all was safe and well with the management of India's Defence expenditure. But, I do not think it would be unfair to affirm the point that, as each year of War progressed and reached its climax, imposing additional burdens upon the people of this country, the Finance Member, and more so the Defence authorities, could not succeed in their effort to conceal their activities from the scrutiny of the Indian people, with the result that the usual "systematic" conglomeration of items of Defence expenditure became more clumsy and more contradictory than ever. As has been remarked at the outset of this Chapter, there is more than what meets the eye in and around and behind Rs. 2,400 crores Defence budget for the years of the War ending with the Budget estimates for 1946-47. A rapid review, thus, becomes essential of the mechanism of adjustments with which was manipulated the expenditure on Defence

Services as the War progressed towards Victory for Britain and her allies.

There seems to be a fatal coincidence between opposing events as far as the Defence expenditure of the Government of India is concerned, with the result that what was done and accomplished was undone and left to the tender mercy of war-time exigencies. What was done by the Inchcape Committee and the Army Retrenchment Sub-Committee was rendered nugatory by the decisions of His Majesty's Government to mechanise and re-equip the British element of the Army in India, as motivated by Imperial necessity and the desire to keep abreast of modern progress in the science and art of War. The Chatfield Committee recommendations, which were accepted by the Government of India not long before the outbreak of the War with Hitler, were thrown to the winds by the inescapable necessity of the Defence authorities to readjust themselves to the *tempo* of organisation and expenditure set into motion by the British War Office after the fateful month of September 1939. In either case, the result was identical, *viz.* Defence expenditure came to assume the aspect of a runaway horse. That is to say, both public and official conscience, which strained at the leash of Defence expenditure had, psychologically speaking, to let itself go. The difference, however, is this, that in the case of the Second World War, as distinct from that of the First, there does not seem to have been any attempt made by the authorities, either in New Delhi or London, to keep even a semblance of scrutiny, not to speak of control, over the mounting expenditure on the Defence forces. It is not suggested that the formalities of budgeting, revised budgeting and the inquest of the Public Accounts and other Committees were not gone through during the past eight years. What is suggested, however, is that control and limitation of Defence expenditure were conspicuous by their absence, in the seven war-time budgets of Sir Jeremy Raisman and the first peace-time budget of Sir Archibald Rowlands, with the result that we have to arrive at a figure of expenditure which is in the proximity of the Rs. 2,400 crores brought into account during the years 1938-39 and 1946-47.

EXTERNAL DEFENCE FORCES

Addressing the Central Legislature in 1940, that is to say six months after the outbreak of the Second World War, Sir Jeremy Raisman had straightaway to plunge into an admission, that international hostilities had rendered completely nugatory any attempt at estimating the Defence expenditure of 1940-41, and that the Chatfield settlement for apportioning costs bet-

ween His Majesty's Government and the Government of India was equally rendered extremely difficult, if not impossible. The Finance Member recapitulated the difficulties arising out of the adjustments of Defence expenditure between India and Britain during the First World War, and felt "the extreme importance of arriving at some broad basis of allocation, which, while being fair to both parties, would obviate the serious accounting difficulties, prolonged controversies over questions of incidence, and delays in final adjustment, which arose during, and continued for many years after, that War." In so far as the Chatfield Committee had laid down the lines of modernisation, meaning thereby the mechanisation of the Army in India, the difficulties themselves were more or less Herculean, but when one splits the capital and recurring costs of these modernisation measures, and breaks up "*the conception of joint responsibility for the external defence of India*", the task will be considered to be almost a hopeless one, as I will presently show.

The Chatfield Committee recommendations, involving a capital outlay for the modernisation of the Army in India, were estimated at Rs. 45.77 crores, and were supposed to be provided by His Majesty's Government, three-quarters as a free gift to this country, and the balance as an advance to be repaid on easy terms. It was also anticipated that, under the Chatfield recommendations, the net recurring costs of the Defence Services during the five-year period, which was allotted for the bringing into fruition their recommendations, would not be heavy in the first two years, and that they could be utilised to meeting later excesses in budgeting. Nobody need stop to examine the basis of allocation of the capital outlay of the modernisation of the Army in India, to the extent of 75% to His Majesty's Government, in the light of the new conception of "joint responsibility for the external defence of India," but it is clear that the outbreak of the War completely unsettled these calculations.

The enormous increases in capital and recurring costs of the reorganisation, re-equipment and expansion of the Defence Services in India as war-time phenomena were never in doubt. The principal recommendation of the Chatfield Committee was the postulate that the Government of India accept joint responsibility with His Majesty's Government for the External Defence of India by earmarking certain portions of the Defence Forces in India for purposes of External Defence, and that His Majesty's Government

agree to pay an additional £500,000 annually towards peacetime cost of the maintenance of Defence Services in India. It was also stipulated that, whenever circumstances made it necessary for the employment of the whole or any portion of India's External Defence Forces outside Indian's limits, in the discharge of India's joint responsibility for her External defence, this country was to accept some share of the costs of doing so, this "some share" business being left delightfully vague. Sir Jeremy Raisman said: "In any settlement of the problem of incidence of war expenditure, therefore, this stipulation has to be borne in mind, since these External Defence Forces are now being employed overseas on duties connected with India's external defence. The position is further complicated by the fact that further troops, other than those forming part of the External Defence Forces, have been, and will probably continue to be, sent overseas and these troops generally speaking have to be replaced in India."

It will be seen that the principles enunciated with reference to the burdening of the resources of this country with costs of wartime expenditure had been, even according to this first statement of Sir Jeremy Raisman after the War broke out, rendered tantalisingly vague. The Chatfield Committee was concerned with the sending abroad of the External Defence Forces from the Army in India, and the acceptance by India of a certain proportion of the costs of the movement and servicing of these elements of the Army in India, which were sent abroad from time to time in the context of Imperial necessity. This by itself, is a provision which is burdensome to the people of this country. Then, the War broke out even before the Chatfield Committee recommendations were fully implemented in India, and the Finance Member glibly referred to a new position that "*further troops other than those forming part of the External Defence Forces*" had been and will probably continue to be sent overseas. So, the so-called reliefs to this country from the operation of the recommendations of the Chatfield Committee have been scored off, to the extent of these allocations between His Majesty's Government and the Government of India.

But the story does not end here. To replace these "further troops", additional levies had to be raised in this country, and levies are not raised without costs. Furthermore, the elastic conscience of authorities in India, which led to the breath-taking rise in Defence expenditure during six war years,

is further illustrated by the mobilisation to full production and the maintenance of the optimum capacity of Ordnance factories for war stores, the building up of stocks, the variety of War measures including, censorship, port and coastal defence, internment of enemy aliens, *etc.* The expansion of recruiting and training organisations, headquarters offices, *etc.*, involved items of expenditure which were not there before. Some items of expenditure like censorship, port and coastal defence, internment of enemy aliens, *etc.*, became purely an Indian liability, while others like the expansion of recruiting and training organisations, headquarters offices, *etc.*, were to be shared between the Indian and Imperial Governments. The Government of India thus felt the need for simplification of accounting, and for revision of the principles of allocation of expenditure between India and Britain as under peace-time conditions, for the reason that the "immense amount of clerical work and consequent expenditure" and the difficulties experienced in connection with the accounts of the First World War, should this time be avoided, because they were sure to reach an aggravated form.

MASTER ALLOCATION AGREEMENT

The result was the financial settlement between the Government of India and His Majesty's Government as regards allocation of Defence expenditure which was imposed upon this country in 1940. The four principles of this "agreement" fixing the Defence budget are as follows :

A fixed annual sum representing the normal net effective costs of the Army in India under peace conditions ;

plus an addition to allow for rises in prices ;

plus the cost of such war measures as can be regarded as purely Indian liabilities by reason of their having been undertaken by India in her own interests ; and

A lump sum payment of one crore of rupees towards the extra cost of maintaining India's External Defence Troops overseas.

Under this arrangement, the total amount by which the net annual Defence expenditure incurred in India during the War years exceed the aggregate of the first and third items above, *viz.* peace-time effective costs and purely Indian war-time measures, is to be recovered from His Majesty's Government.

The essence of this agreement is that the Government of India would recover the aggregate of items 1 and 3. *viz.* a fixed annual sum representing normal net-effective costs of the Army in India under peace conditions, and the cost of war measures which can be regarded as purely Indian liabilities by reason of their having been undertaken by India in her own interests. But, let there be no mistake that this arrangement only refers to recovery and not to prior allotment or budgeting of these amounts, the second of which, at any rate, is bound to remain delectably vague. Sir Jeremy Raisman told the Legislature that the question of disposal of surplus war stores was also considered, and that the incidence of loss attending upon the inevitable quantities of war stores, which would remain surplus to peace-time requirements after the War was over, was to be subject to future negotiation between His Majesty's Government and the Government of India after the War, during the pendency of which the former was to meet their total cost. The question of non-effective charges for pensions and gratuities attending upon the above agreement was to be further discussed.

It will be seen that as far as the official explanation goes, the advantages of this agreement between His Majesty's Government and the Government of India were a sort of limitation of India's liability in connection with War, and the introduction of simplicity calculated to ensure the "avoidance of expense and disputes in the day-to-day application of the terms of the settlement and practice." Even a child knows that this is simplicity with a vengeance, and let us see how this simplicity "act" of the agreement was put across for the benefit of the Indian people.

The fixed annual sum representing the normal net effective costs of the Army in India under peace conditions was settled for the year 1939-40 at Rs. 36.77 crores, a figure which was arrived at from the total Defence budget for that year, less non-effective charges of Rs. 8.41 crores which were excluded from the scope of the settlement. Sir Jeremy Raisman sought to emphasise the point that this amount was not the "estimate of any specific expenditure on our Defence Services", but that it has now become a mere lump sum financial adjustment between the Government of India and His Majesty's Government fixed for the duration of the War. It is not a summation of details of estimated expenditure, and consequently *in the budget as presented to the House no details are shown against it* (*italics mine*). The only comment which is necessary on this very innocent-looking arrangement is that it was

the deliberate intention of the Government of India to screen as much as possible from public scrutiny, even the essential details of a financial agreement between themselves on the one part and His Majesty's Government on the other, which was to remain during six long War years, and which certainly was to exercise a profound influence on our budgetary position for years to come, very much like similar arrangements, though in a lesser key, exercised a grip upon our financial and economic conditions for long years after the conclusion of the Treaty of Versailles.

What can be regarded as purely Indian liabilities by reason of their having been undertaken by India in her own interests? Here, the Finance Member was eloquent in coining a new slogan, *viz.* that "we must pay for ourselves", the costs of these measures being determined by direct accounting. In case, however, this method presented any insuperable difficulty, "the amounts debitable to India will be assessed on the basis of estimates." He went on and declared that "the safety of the country may be endangered by the publication of too much detail concerning the measures included in this item or their costs." It will be ungenerous on the part of any critic to arraign any Finance Member for arrangements of this character during war-time. But there cannot be any doubt on the point that the essence of this "agreement" between Britain and India was one of secrecy and deliberately designed vagueness of principles, in which the balance of advantage could not, in the circumstances, rest with the people of this country, and of a desire on the part of the custodian of our public fisc to postpone the evil day of reckoning.

New and additional principles were formulated in this Master Agreement for the "especial benefit of this country", and, if I am not mistaken, it will be seen that the principle of "Joint War Measures", which was at the bottom of the creation of External Defence Troops, was by now extended into "*war measures as can be regarded as purely Indian liabilities*"—an arrangement for which the responsibility could not be, even by the widest stretch of imagination, located with the people of this country. India's belligerency was made a fact even without a semblance of consultation with the then existing but outmoded Central Legislature, and the tragic fact remains that His Majesty's Government told the world about "purely Indian liabilities" which were undertaken by India in her own interests during the war period! No greater *denouement* could have been furnished by

a Greek tragedy than this series of facile assumptions, on the basis of which expenditure was created and allotted to India and responsibility for the same thrown upon the shoulders of our innocent people.

It is beyond the scope of our study to enter into an examination of the numerous steps taken by the Government of India to see that the War machine moved and functioned according to plan, for the reason that this is not a book on military tactics, and for the additional reason that whatever steps were taken were unexceptionable in principle during war-time. The Mobilisation of the Indian Territorial Force and Auxiliary Forces, integration of the Indian State Forces into the general picture of the Defence system of the country, acceptance of the Nepal Contingent largely at the expense of the Ruler of that State, provision of training schools for all Arms of the Services, censorship of mails, custody of aliens, port and local Naval Defence, formation of the Voluntary Auxiliary Air Force—these by no means on an exhaustive basis—will illustrate, some of the immediate steps taken by the Government of India to meet the situation created by War, and naturally constitute some of the main elements of war measures which were purely Indian liabilities.

As regards the joint responsibility for expenditure on the part of His Majesty's Government and the Government of India, it was pointed out by Sir Jeremy Raisman that the latter agreed to implement during wartime, at greatly increased cost to themselves, the Chatfield programme for the modernisation of the Army in India, and that the payments towards the extra costs of external Defence troops, whose formulation we have discussed earlier, were brought into account. Thus, the revised expenditure for 1939-40 and 1940-41 were arrived at as follows :

	(Crores of Rupees)	
	1939-40.	1940-41
	(Revised)	(Budget)
1. Normal Peace Budget	36.77	36.77
2. Effect of prices on (1)	.25	2.00
3. Indian War Measures	3.86	6.59
4. Non-effective Charges	8.41	8.16
	<u>49.29</u>	<u>53.52</u>

In the composite table for the eight Budgets covering the War period provided at the beginning of this Chapter, it was seen that the atom was more or less split, meaning thereby that the colossal amount of Defence expenditure from year to year was cut up into channels and sub-channels, and into a pattern of simplicity which, however, does not in the least give the Indian reader a correct insight into the incidence and allocation of expenditure between His Majesty's Government and the Government of India. Still, Sir Jeremy Raisman in his Budget statement to the Central Legislature in 1940-41 had the audacity to declare: "I trust that this House will agree with me that the settlement which has been reached is favourable to India and *has been conceived by His Majesty's Government in a generous spirit*" (*italics mine*). As if stung by some unmentioned moral obligation, the Finance Member went on: "It is, of course, inevitable that India's Defence Budget should increase, even though this country is not at the moment directly involved in active operations. Even a neutral country cannot escape the effect of rises in prices resulting from the War, and must, moreover in times like these, take some precautionary measures as are within its means to safeguard the position by mobilising its resources both of men and materials where necessary. It is devoutly to be hoped that such measures as we have taken will prove in the event to have been unnecessary, but, of course, I cannot even hazard a guess at what the future has in store for us, nor at what further measures it may be found imperative for us to take." Looking back, in retrospect, barring the few weeks during which the Japanese made an abortive thrust at Kohima, India's territorial borders were never threatened, and yet India's War measures, which were stated to have cost our exchequer Rs. 3.61 crores in 1939-40, steeply rose to Rs. 347.12 crores in 1944-45, and were placed at 321.86 crores in 1945-46 (revised estimates). Even long months after the cessation of hostilities, the budget estimates for 1946-47 provided for Rs. 179.32 crores under this head! Small wonder, that Sir Jeremy Raisman could not project into the future and define the scope and prospects of India's war expenditure, as the years rolled by since he presented his real first War Budget to the Central Legislature in March 1940.

There are two or three other points of extraordinary interest in the first Budget statement of Sir Jeremy Raisman for 1939-40. He said: "As regards revenue, the utter recession which set in towards the close of 1937-38 was much sharper than was anticipated, although fortunately it also showed signs of being of comparatively short duration. Although the declining curve flattened out and even moved

slightly upward in the later months, there is likely to be a net deterioration of 292 lakhs in revenue, due mainly to a short fall of 367 lakhs in customs receipts as compared with the budget estimates." On the expenditure side for 1938-39, an estimate increase of Rs. 1 crore over the budget estimate in Defence Services was mentioned. This net increase of Rs. 1 crore was the difference between the gross increase of Rs. 2.16 crores and reductions of Rs. 1.16 crores on items of Defence expenditure as hereunder :

Increases :—

(1)	Improved conditions of service for British Military personnel consequent on decisions taken by His Majesty's Government	Rs. 1.15 crores
(2)	Waziristan Operations	„ .45 „
(3)	Increased requirements of Ordnance Services	„ .32 „

Decreases :—

(1)	Abandonment of the scheme of conversion of 4 British batta- lions into Machine Gun Units.	„ .48 „
(2)	Slowing down of the programme of mechanisation of British Cavalry Units and of other re-organisation measures	„ .26 „
(3)	Withdrawal of 4 British battalions	„ .14 „

The only comment which should be made on the above glib statement of Sir Jeremy Raisman is that, without any obvious justification for altering existing dispositions of the Army in India, decisions were taken which made an average Indian gape with confusion as regards our Defence expenditure. Since His Majesty's Government reached decisions for improving the conditions of British military personnel, an additional obligation of Rs. 1.15 crores in one year was assumed by the Government of India and passed on to the shoulders of the Indian taxpayer. If only as a partial mitigation of this expenditure, which naturally meant paying more for the Army of Occupation in our midst, schemes for the conversion of British Battalions into Machine Gun Units, the slowing down of the programme of mechanisation and the withdrawal of 4 British

Battalions from the Indian establishment, in all involving Rs. 88 crore, were undertaken. This is only a sample of what the Defence authorities in India did all these years, and the general thesis of this critique is that the decisions reached by His Majesty's Government about the dispositions and costs of the Army in India, particularly with reference to the British element, never had any relation to the actual needs of the country, not to speak of the capacity of the country to bear the resultant financial burdens. As a tail-piece, it is also clear that decisions reached by His Majesty's Government in this regard were only made at successive dates, in a manner which shows that there was neither proper planning nor efficient execution of plans earlier made and imposed upon this country, meaning thereby that our record of Defence expenditure, which we have been examining since the year 1857, becomes replete with instances of colossal wastage from day to day and from year to year.

The Supplementary Finance Bill introduced by Sir Jeremy Raisman on November 5, 1940, was only the logical consequence of Hitler's triumphant march into Norway, Denmark and Belgium, and of the combined Italo-German onslaught on France leading to her capitulation. India's export trade was dislocated, costing, according to estimates available, about Rs. 32 crores a year as far as the closure of European markets alone was concerned. As a corollary, the revenues of the Central Government, which depended mainly upon customs, also declined, Sir Jeremy Raisman estimating this decline at Rs. 2½ crores in conjunction with similar short-falls in central excise. It is, thus, that the Supplementary Finance Bill was presented to the Central Legislature, but our main interest is naturally in the Defence side of this expenditure.

Towards the middle of 1940, there was a sudden spurring up of civil expenditure, estimated at Rs. 250 crores, represented by the scheme for the training of 500 pilots and 2,000 mechanics each year for the Air Forces Reserve Schemes for the training of war technicians in order to ensure a steady outflow of munitions, etc., A.R.P. the wild central grants-in-aid were made to the Provincial Governments, purchase and stocking of quinoline in order to prevent any possible catastrophe in the future, Centre relief to Ajmer-Merwara, etc., were all responsible for the Supplementary Finance Bill. But the Defence expenditure was shot up precipitately even within the first twelve months after the outbreak of the second World War, estimated by

Sir Jeremy Raisman at Rs. 8.34 crores, was a determining factor for the authorities to present a second Finance Bill in the same year.

The delay in the delivery of military equipment from overseas countries having been more or less partially eliminated by the end of 1940, the Financial Settlement between His Majesty's Government and the Government of India had, according to the Finance Member, "enabled the mobilisation and development of India's resources for war to be expanded with the utmost rapidity at the cost of the Indian tax-payer, which represents no more than a fair charge to India of her own requirements." In fact, Sir Jeremy Raisman hazarded the view that "India has reached the stage when virtual self-sufficiency in matters pertaining to her local Defence is no longer a distant dream." In view of public concern at the staggering increase in the sacrifices demanded from India, Sir Jeremy Raisman lifted partially the veil over the war effort which the authorities pushed on with remarkable vigour. It was, for example, mentioned that 60,000 troops from the Indian establishment "have proceeded overseas to assist in defending what have been described as the outer bastions of India," and that 100,000 men of all arms, a large proportion of whom were fully trained, had joined the colours. After detailing the manner in which the Land Army was modernised and equipped, the Finance Member dealt with the expansion of the Royal Indian Navy and the Royal Indian Air Force. His emphasis was upon the phenomenal expansion of the mechanised, or rather the motorised, army. He said: "We have sent overseas $1\frac{1}{2}$ million pairs of boots, $1\frac{1}{2}$ million blankets, more than 10 million yards of khaki drill, 1.2 million cotton shirts and $2\frac{1}{2}$ million pairs of socks." This was the measure of India's war effort inside of twelve months after the outbreak of the second World War, and naturally this has meant that the costs to India have gone up.

Turning to "the more immediate purpose" of his Supplementary Budget, Sir Jeremy Raisman referred to the imperative need for expansion of all the three branches of the Defence Services, which constituted "that portion of India's total war effort which, under the Settlement with His Majesty's Government, is chargeable to Indian revenues", and which naturally involved "heavy expenditure". The total initial outlay of this expansion chargeable to Indian revenues, on a rough assessment, was estimated at Rs. 33

crores. In addition, said the Finance Member, "other large measures are under consideration and will probably come forward in the very near future." Of this considerable amount, which was the equivalent of our basic normal Defence budget, Rs. 14½ crores, the Finance Member estimated, was brought into account in 1940-41, with the result that the Budget estimates for Defence of Rs. 53½ crores was to become Rs. 68 crores. As will be shown later, this estimate, which was the basis of the Second Finance Bill of 1940, was over-reached by a long chalk by the time the budget statement for 1941-42 was presented three months later.

I have, from the press gallery, watched the presentation of War budgets with a tremendous amount of care and precision, and looking back I often wonder why Sir Jeremy Raisman presented a Supplementary Budget in 1940, and why he did not present a similar Supplementary Budget in the succeeding years. This was, perhaps, due to the fact that as the wartime expenditure mounted up without precedent, the Finance Member refused to look at the traditional theory of balancing them, and allowed himself to be swiftly tossed about from one crest to another of the wave of wartime finance. Actually, since Defence expenditure is always a cash proposition, he had no need to bother about where he opened credits, with the Reserve Bank, the Railways or the public in general.

It now becomes clear that day by day the country was being marched deliberately into an abyss from which, both in the economic and financial senses, it would take decades—even half a century—for our people to pull themselves out. It was true that in 1941 Sir Jeremy Raisman was able to announce that the Master Agreement between India and Britain was still in existence, but that a *modus vivendi* was agreed to under which "*any forces now being raised that India may agree to send for service overseas ceased to be an Indian liability on leaving India, and the whole initial cost of raising, training and equipping such forces, as well as the subsequent charges, are borne by His Majesty's Government*" (*italics mine*). There cannot be any doubt that this codicil to the Master Agreement of 1940 was as it should be. But the fact remains that, even though the question of revision of the allocation of non-effective charges between India and Britain was taken up in 1941, the unchecked spurt forward in Defence expenditure continued. The result was that the Budget estimate for Defence

expenditure for 1940-41 of Rs. 53.52 crores became Rs. 72.02 crores in the revised estimate for the same year and Rs. 841.13 crores in the budget estimate for 1941-42. More, however, was still to come in regard to the manner in which expenditure on war measures was undertaken in this country, at a level which was far out of proportion to the capacity of the community to pay.

The enunciation of the principle of "equality of sacrifice" which the late President Roosevelt adumbrated was still to be. But any one going through the annual tales of India's war effort, which the Finance Member gave to the Legislature during these years as justification for steady increases in Defence expenditure, will come to the conclusion that the primary motive behind British actions in India was not merely to prepare and equip this country for its own territorial defence, but to make it serve as the hub of activity in which the balance of advantage was to be with the British Commonwealth and Empire. The blitz of London, the exit from Narvik, the evacuation of Dunkirk, and similar incidents brought in a series of developments in India, not the least important of which was the creation of the Eastern Group Supply Council and the location of its activities in Dehi-Simla, and the despatch of the Roger Supply Mission. The U. S. A. proudly claimed that she was the arsenal of Democracy during the period of the total Second World War. But India was to become not only the training ground of British Imperial Armies, but also the Atlas supporting the weight of British Imperial responsibility and vested interests in the world.

No one states that if India were belligerent of her own national choice, there would not have been the war measures taken recourse to by the authorities during the preceding seven years, to a greater or less extent. They would have been taken even by a National Government in India—Fighting Vehicles Schools, New Cadet Wings of the Artillery School, the R. I. A. S. C. Officers' Technical Schools, mechanical transport establishments, the training, expansion and equipment of the Royal Indian Navy and the Royal Indian Air Force, and a host of other things, including the phenomenal expansion of Ordnance and Clothing Factories. But the point every Indian likes to see established beyond a shadow of doubt is that the war effort of the Government of India during 1939-40 to 1945-46 was entirely based upon executive decisions under the behest of London, and without any reference to the will and consent of the people of this

country. The resultant principle naturally becomes the bone of supreme contention between India and Britain, in so far as the saddling on this country with expenditure, and the method and extent of allocation of the same between the two countries, are concerned. It must be remembered in the present context that, even though His Majesty's Government agreed to place at the disposal of the Government of India a certain proportion of Britain's output of Defence equipment, the manner in which India's feeble economy was strained and drained to make War effort possible becomes a fact of outstanding human interest, for the simple reason that the costs to the community of War measures, which could not be brought into the books of the Government of India, become incapable of measurement.

It would be futile to describe the phenomenal rise in the War effort of India from year to year, apart from stating a few general propositions. Without let or hindrance, the economy of the country and the life of the people were yoked to the War machine. The push of Rommel into Tripolitana made its reverberations felt in this country, in a manner far more fundamental to our well-being than in the case of the British people themselves even at the time of the London blitz. The sinking of H. M. S. *Prince of Wales* and H. M. S. *Repulse* by the Japanese in the Gulf of Siam had automatically meant a further tightening up of the belts of our people and a steeper throttle of the war machinery of the country. And the reason for this is not far to seek. As the war years rolled by, with a merciless import to the future of the world, and lots of initial knock-out blows from the Axis Powers, both in the West and in the East mounted up, the question of the inescapable Defence of this country and its territories was completely lost sight of, in so far as it was deliberately made to merge into the larger question of global strategy, which Britain and her allies were obliged to embark upon.

India's Defence thus came to assume something very much more than a mere territorial aspect. It became hemispherical, and India's natural frontiers were imaginarily extended to Benghazi and Hong Kong, and even beyond. The skirmishes in Kohima had no real meaning at all to the people of this country, for it was not on their account that our Defence expenditure and the straining of the economy of the nation were motivated. The argument of this book undoubtedly becomes one which is not open to challenge, and that is that ever since Hitler unleashed the engines of war in September 1939 till two atom bombs wiped out

Hiroshima and Nagasaki in July 1945, India's national economy and financial system were geared up to the War machine of the United Nations. In the earlier sections of this book we have seen that the Army in India was composed of Indian mercenaries and British personnel, and was maintained at such levels from time to time as were deemed necessary for the preservation of British hegemony over us as a people. In the old days it was an unashamed system under which the British element was maintained in our midst at our own expense, incidentally giving opportunities for the British lads, who supplied grist to the mill of Britain's professional army, to obtain experience of the arts of war during their stay in India—and that too at our own expense. One moral which can be drawn from the history of the Second World War is that, while principles remain unaltered in so far as the ways of Imperialism are sacrosanct, accounting methods vary with such a wealth of detail that they constitute themselves a veritable labyrinths and even a modern Abhimanyu cannot hope to get through its mazes.

This principle is best illustrated by what Sir Jeremy Raisman told the Legislature in March 1942 (Budget, 1942-43, Section 10), announcing that, compared to the position twelve months before, there were twice as many, that is to say 1,000,000, men under arms. Sir Jeremy said: "The objects are, first, to put India in possession of up-to-date naval, air and military forces, capable of undertaking the local Defence of her own frontiers, and, secondly, to enable her to supply and maintain forces for employment overseas in what have been described as the outer bastions of India's Defence. Schemes of this nature must, of course, be revised from time to time, as the threats to particular aspects of India's security approach or recede with the developments in the war situation as a whole". The result of this annual lumping together of additional expenditure, by a person of the facile mind of Sir Jeremy Raisman, without any consideration of the welfare of the people, to whom he did not belong but over whom he was expected to rule, was that, compared to 1941-42 Budget estimates of slightly over Rs. 84 crores, the revised estimates for the same year shot up to over Rs. 102 crores, and the Budget estimates for 1942-43 to nearly Rs. 133 crores.

It will be seen that between the Budget and the revised estimates of 1941-42 the gap was wide enough, and that between the latter and the budget estimates for 1941-42

there was an addition of "a mere trifle" of Rs. 30 crores, meaning thereby almost a *per capita* increase of Re. 1 per head of the population. This, however, was nothing to the bureaucratic mind. What strikes one most is that, as the revenues of India were charged with colossal increases of expenditure on Defence measures, year in and year out the Finance Member continued to return to the same formula of *recoverability, without established recovery*, of portions of expenditure from His Majesty's Government, as the following quotation from the speech of Sir Jeremy Raisman to the Legislature in 1942 once again emphasises: "Thus, as I explained last year, India bears the cost of raising and training, and (to some extent) of equipping any additional forces raised and retained in this country in pursuance of her expansion schemes, while the whole cost, initial and recurring of such additional forces as are sent overseas is recoverable from His Majesty's Government." This point will be further illustrated by the fact that while the people of this country and the Legislature were sedulously fed on promises of recovery from His Majesty's Government of large portions of expenditure originally charged to this country for the ostensible Defence of our so-called external bastions, nothing concrete was done, from year to year as the War progressed towards its climax, to make these recoveries solid facts.

This was what the Finance Member said in 1942: "Our total war commitments, estimated last year at 52 crores initial outlay and 19 crores annually recurring, have now, on a rough computation, risen to something like 100 crores initial and 40 crores recurring. During the current year the Indian portion of the initial and recurring costs, arising out of these enlarged commitments, will amount to roughly 54 crores, or 18½ crores in excess of the amount provided for Indian War measures in the budget." An analysis of this bland statement yields two results. In the first place, Budget control and estimating were apparently never felt to be precise or even clear, as the days rolled by leading to the defeat of the Axis Powers. More important than this was the continual repetition of "rough computation", both in regard to the expenditure brought into the books of India and, more so, with regard to expenditure ultimately divisible with His Majesty's Government. Confusion becomes worse confounded on account of the fact that the Finance Member always succeeded in pushing his way through the Central Legislature, annually, and ponderously menacing Budget.

And yet, let us take the following quotation from the

Finance Member's description of Defence expenditure for (1942-43 : "I would draw attention to the fact that the estimated amount of India's Defence expenditure is only a fraction approximately one-fourth) of the gross Defence expenditure likely to be brought to account in India's books during 1942-43. In other words, the amount of expenditure on Defence services and supplies *that we expect to recover from His Majesty's Government* during that year, under the operation of the Financial Settlement, exceeds the enormous total of Rs. 400 crores. By far the greater part of this amount, as also of the corresponding amount of Rs. 200 crores for the current year, represents expenditure connected with the provision or maintenance of force engaged in operations overseas that vitally concern India's security against external aggression" (*italics mine*). Q.E.D., as far as the British masters in India were concerned, but a veritable vortex of financial uncertainty and ultimate burdens into which the people of this country were deliberately thrown.

The financial year 1943-44 will go down in History as having seen the *nadir* of India's Defence preparations, Defence expenditure and, more than everything else, further juggling with figures and allotments as between the Government of India on the one part and His Majesty's Government on the other. Possibly as a result of the suppression of the Freedom movement in the land, and possibly perhaps also as a result of incredible currency expansion and perhaps of Government stores, including stores for Defence Services, at controlled prices which certainly, as later on proved by a Committee of the British Parliament, were considerably less than those paid by India's civilians for their goods and services, the Budget of 1943-44 offers the student of Indian finance a remarkable spectacle indeed.

Sir Jeremy Raisman said (paragraph 12) that "the Land Forces in India during the year 1943-44 will have reached a stage at which they can be regarded as reasonably adequate to meet all the demands likely to be made on them for the defence of India." This certainly is a statement which was fully borne out by later events. It was not only with reference to the Land Forces that this expansion and consolidation of the Defence Services was pushed through at tremendous speed. The Royal Indian Navy and the Indian Air Force also received similar support from all directions. One of the quaintest statements ever made by a Finance Member to any Legislature was with reference to the manner

which the only aircraft construction factory in this country was removed from the job of building aeroplanes and made to carry out service and repairing activities. Here is what Sir Jeremy Raisman said (para. 15): "A rapidly expanding Air Force makes heavy demands for repair and maintenance facilities, and to assist in meeting these demands it has been necessary to curtail very greatly the construction programme of the Hindustan Aircraft Company and to concentrate its activities on servicing, repair and overhaul."

It is not my purpose here to side-track the main discussion on India's Defence expenditure, or to enter into political or quasi-political discussions, but later knowledge, as well as knowledge pertaining to the period, compels me to state that, when practice the world over, and more so in countries like Canada and Australia, was for the establishment of heavy industries, including Defence Service industries, the Government of India deliberately sought to destroy what little initiative and enterprise there was in this country. The Hindustan Aircraft Company was an enterprise of private individuals, who did not demand subsidy from the State, but only wanted an assurance that their output would be completely taken, subject to specifications, standards and tests which Defence Services might impose from time to time, by the State, and an assurance that no impediments would be thrown in their way towards fulfilling the objects with which the Company was promoted. For "strategic reasons" these private enterprisers were asked to liquidate their financial interests in the Company, and the Government of India, on the basis of an agreement with the Government of Mysore, took over the Company, ostensibly for the purpose of manufacturing aircraft and for subserving security purposes.

Qualified Americans, who were later on in the saddle at Bangalore, came to the conclusion that Indians could build aircraft, possibly at an even greater speed and a greater sense of devotion than Americans themselves. Mr. Eric Johnson, President of the American Chamber of Commerce, writing in 1945, discussed what countries with a backward economy like India could do, provided the opportunity was given to them to toe the line of western industrial progress. He said*: "Our fellow American, William D. Pawley, of the Intercontinent Corporation, recently built India's first aeroplane plant. A

**The Reader's Digest*, U. S. A. Edition, June 1945.

Committee of Enquiry had reported that Indians were not yet able to do such work. Mr. Pawley said he would train them to do it. He got together some 400 educated Indians, many of whom held Degrees from Universities in Britain, the United States, Germany and France. 'They took to Aeronautical Engineering,' says Mr. Pawley, 'like ducks to water.' The American members of the staff numbered only 38. The Indian employees (engineers and workmen) were ultimately 14,000. They established India's first real assembly line, and came to rival American records of production per man hour. At present, the plant,—Hindustan Aircraft—is used by the U. S. Army Air Force for the repair and maintenance of its aircraft in India. 'My experience in India' says Mr. Pawley, 'has convinced me that India is destined to a tremendous industrial development.' There is no doubt that almost all backward peoples are mentally and physically capable of doing higher work and more remunerative work than they are doing now."

The argument which I am pursuing here is not that military strategy did not, or even today does not, demand servicing and repairing establishments for the Air Force in this country. When thousands of crores of rupees were being expended upon the Defence Services, when servicing and repairing stations could have been set up in almost any part of the country at a reasonable cost to the Exchequer, what was the necessity for turning over the Hindustan Aircraft Company from constructional to servicing duties? When aeroplanes could be built, even on the indisputable testimony of Mr. William D. Pawley, by Indians who could beat the production records of Americans themselves, what was the necessity for destroying an industry which was started on the initiative of Indians themselves? Actually, when labour and other costs in India were, and even today, are considerably lower than those prevailing in the U. K. and the U. S. A., why was there not an expansion of aircraft construction in our midst? What was the custodian of the public fisc in this country doing as regards the reduction of the financial allotment for aircraft purchases from abroad, at costs which the Indian tax-payer, even on the specious plea of joint war measures of the Government of India and His Majesty's Government, could not be saddled on with any equity?

This train of thought becomes inevitable when one examines the implications of the quaint statement of Sir Jeremy Raisman, quoted above. Six war years had not enabled this country to establish one single heavy industry. On the contrary, during six war years, Indian initiative towards

establishing heavy industries, *e.g.*, Automobiles, Ship-building and Aircraft, had been most ruthlessly suppressed by the Government of India at the behest of His Majesty's Government. History will condemn the position taken up by the Government of India, *viz.* that war-time conditions did not permit them to take the initiative to foster these three heavy industries in our midst, and, more than that, did not permit them to give encouragement even when they were undertaken by private enterprise. When the details of these sordid transactions relating to the activities of the Defence Services become known in the fulness of time, it will be seen that the poor tax-payer of this country was saddled on with enormous burdens involved in purchases abroad, involving payments for armaments, equipment, *etc.*, infinitely higher than what we would have paid for the same were they manufactured in this country. It is not suggested that the initial difficulties for the complete manufacture of armaments and Defence equipment in India were not there, but it is suggested, and very deliberately and with the utmost sense of responsibility, that the policy of the Government of India during these War years was one of callous disregard of the industrial needs of the country, and of a deliberate neglect of the War potential which we would have developed, if only the desire to prevent India from producing the goods which she would otherwise be importing from the U. K. and other countries in the world was not there. But let me pass to the routine examination of the last three War budgets of the Government of India.

A BILL OF UNUSUAL MAGNITUDE

Sir Jeremy Raisman, in his Budget statement for 1943-44 (paragraph 16), observed as follows: "Security in these disturbed times is only to be purchased at a heavy price, and the House will no doubt be prepared for a bill of unusual magnitude." The result of this Draconian statement was a spurt forward of Defence expenditure to some Rs. 240 crores, which was a mere Rs. 100 crores more than the Budget estimate for 1942-43! And India did pay this bill of unusual magnitude, and something more too, in that crucial year of war. The manner in which India paid this bill of unusual magnitude must be examined in some detail, for it not only involved revision of the basis of allocation of Defence expenditure between His Majesty's Government and the Government of India, but also a revised system of manipulation of accounts which certainly would go down in History as one of the cleverest pieces of chicanery which even the Government of India permitted themselves to practise.

Under the Master Agreement between the Government of India and His Majesty's Government, an attempt was made to define India's war measures, a proposition which we have earlier examined in some detail. Just as Lord Baldwin used to say, long years before the recent international war, that the frontiers of England were on the Rhine, India's war measures included the defence of the eastern and western bastions of the country, at Singapore and round about the Suez Canal. By 1944, Sir Jeremy Raisman was able to lay down (paragraph 16, 1943-44 Budget) the new approach in the following manner. In the first place, he said: "Both parties to the Settlement emphasised the importance of avoiding the meticulous calculations, arguments and adjustments which gave rise to such endless trouble and confusion in the last War." So far so good. Then, he said: "In actual practice the majority of war measures in India are not, in the nature of things, taken solely in India's interests, nor solely in the interests of His Majesty's Government, but in the joint interests of both. *Such measures have conventionally become known as Joint War Measures*" (*italics mine*). Finally, the following clause was added, with the dexterous touch of a master artist: "The war machine in India has a very complex organisation, and it is not always possible to establish direct connection between a defence measure and a distinct class of war activities" (paragraph 17).

It was argued that the expansion of the General Headquarters, India, included the putting into force of a number of measures, such as the formation of an Indian Observer Corps, the raising of Railway Protection Units, the conversion of Prisoners of War Camps, the despatch of troops overseas, *etc.* Of these measures, the first two were undoubtedly undertaken for Indian purposes, so the argument ran, and the third and fourth in the interest of His Majesty's Government. But, said the Finance Member, the creation and expansion of a Fighting Vehicles School could not be related to any specific class of war activities, since the off-take was subsequently either employed "in a Defence of India role or in units employed overseas", with the result that this expansion of the General Headquarters in India could not be "classified definitely as an Indian war measure, or as a war measure for his Majesty's Government, since it serves common purposes". Q.E.D., again, Joint War Measures. There were so many categories of War measures, including the establishment in India of naval bases, and the organisation and maintenance of the Air Forces Stations in India, including the Royal Air Force, the Indian Air Force, and, later on, the U.S. Air Force.

Having built up such a convincing argument, Sir Jeremy Raisman unfolded the proposition that it soon became obvious that all expansions in the Land Forces in India must be considered as one Joint War Measure, and that the cost thereof should be divided between His Majesty's Government and the Government of India. Here begins the thin end of the wedge, in a more subtle and comprehensive manner than was the case with the Master Agreement. The Finance Member no doubt hastened to state that the application of the principles of division of Defence expenditure between the Government of India and His Majesty's Government was closely watched by the Auditor-General of India, who is no other than the customary British official who is claimed to be the watchdog of Central expenditure. It was stated also that the Public Accounts Committee of the Central Legislature holds an inquest usually 18 months to 2 years *after* expenditure was incurred and actually paid out. It was also stated that the Public Accounts Committee of the British Parliament also scrutinises this expenditure at the other end. With the result, so suggested Sir Jeremy Raisman, no one either in India or in the U. K. could possibly ever suspect that things were not going to schedule, and in the most appropriate and approved fashion imaginable. In fact, the Finance Member waxed eloquent at the fact that "the allocation of War expenditure under the Settlement between India and England is conducted in accordance with settled principles and *is open to audit*" (*italics mine*).

PRINCIPLE OF "ONE JOINT WAR MEASURE"

The new basis of allocation of Defence expenditure which was reached between the Government of India and His Majesty's Government in 1943 was pivoted, as shown earlier, on the fact that "it soon became obvious that all expansions in the Land Forces in India must be considered as one joint war measure", as Sir Jeremy Raisman so *naively* put before the Central Legislature. The following were the two principal clauses of the revised Agreement:

- "(a) That India would pay for the raising, training and equipping from Indian resources of all Land Forces raised in India and for their maintenance as long as they stayed in the country and were available for the local defence of India. When they left for overseas, the cost to India of raising and training them and also of equipping them would be recovered from His Majesty's Government who would assume all further liability for them; and

- (b) All important equipment and stores such expansion measures of the Land Forces from whatever source (except vehicles, armoured or otherwise) from elsewhere than United Kingdom would be provided free by His Majesty's Government."

Let there be no mistake that the people of this country were not more interested in the methods and incidence of allocation than in the principles involved in the lumped-up series of alterations in approach which occurred before the outbreak of the recent international hostilities and after, leading to the enunciation of the theory of "one joint war measure", at any rate as far as the Land Forces in India were concerned. And here, again, it is necessary that the Finance Member should speak for himself. This was what he said when announcing the revised method of allocation: "Apart from its general equity, this method of dividing the cost of the joint War measures has the great advantage also of simplicity and administrative convenience. It involved the minimum of accounting, and ensured that effective financial and administrative initiative and authority for these measures was located in India."

No one but a cynic would care to break a lance with Sir Jeremy Raisman about the virtuous audacity with which he approached the problem of allocation of Defence expenditure under this new basis of accounting. He spoke of administrative initiative and authority for these measures being located in this country, whereas even a child student of Indian affairs knew, and knows still, that the War Office in London has only to pass the word, and the General Headquarters in India will execute the suggestions, which are none other than orders to be unquestionably obeyed. If this was not the case, Indian troops would not find themselves doing the dirty work of clearing up the rotting Imperialisms of France and the Netherlands in Indo-China and Indonesia respectively, so that Paris and the Hague might, eventually, re-emerge as the managing agency partners in the joint Imperialism of Washington and London.

As one watches the caravan of Defence expenditure arrangements reaching the appointed goal, one becomes impressed with the utter lack of a sense of reality and responsibility on the part of the Finance Member of the Government of India, as he, in routine fashion, approached the problem of securing for this country initiative and control,

major financial consequences of War, that was no longer the case at the present time." After detailing the above two arguments, which arose when he went to London on his mission to negotiate with His Majesty's Government the revised approach to the Master Agreement, the Finance Member recalled the principal of Reciprocal Aid initiated by the late President Roosevelt, to the effect that "each of the United Nations should contribute all it can from its own resources and in proportion to its capacity to the common War effort."

REVENUE AND CAPITAL HEADS INSTITUTED

The camouflage which was taken recourse to to make the increased financial expenditure of 1943-44, which constituted a new high in India's Defence expenditure, a mere Rs. 106 crores (the difference between the Budget and Revised Estimates for 1942-43) did not, however, deceive anyone in this country, for, for the first time in the accounts of the Government of India, the Capital portion was separated from the Revenue portion of Defence expenditure, with consequences, particularly with reference to the expansion of the Air Forces in India, of an extremely intriguing character.

The allocation of the colossal additional expenditure on Air forces, complicated as it was by the question of Reciprocal Aid between every member of the United Nations, came into tremendous prominence in 1943, and naturally caused an equally tremendous upsetting in the dovecots of the Government of India. It must be stated here that the real balance-sheet of Lease-Lend and Reverse Lease-Lend or Reciprocal Aid may never been drawn up, and it is almost certain that even ten years hence this country will not be able to obtain even a cursory glimpse of the gigantic transactions in which India became involved on this account, in exactly the same manner as was the case after the First World War. Small wonder that in 1943 Sir Jeremy Raisman had to make the following admission: "It is accepted that India's liability shall be related only to the amount of the expenditure actually brought to account by India, namely, the capital outlay incurred in India on the provision of airfields and other ground and operational facilities, and the recurring costs of the squadrons and connected services while employed in India. It is, however, considered essential in India's interests to arrive at an understanding regarding the maximum forces which should be considered as strictly necessary for the Defence of India".

As compared to the task of laying down the maximum requirements of the Land Forces, the Finance Member confessed to difficulty about a similar determination of the strength, costs and allocation of costs relating to Air Forces. The result was stated as follows: "Pending the determination of this issue, *an arbitrary amount*, equivalent to half of the total estimated capital and recurring costs in question, has been provisionally included in the revised and budget estimates, and the balance taken for the time being to a Suspense account" (*italics mine*). It was contended that expenditure connected with the Air Forces in India contained "many elements of a capital nature, against which tangible and valuable assets are held." No one knows how these assets came into being before expenditure was incurred on an ascertainable basis, or rather how the cart was put before the horse, in the sense that an argument was built forward as a justification for expenditure to be undertaken. For example, it was stated that among these elements of a capital nature against which tangible and valuable assets were held, were the capital outlay for providing airfields and other ground facilities for the air force, India's share of the capital cost of industrial expansion measures, the capital outlay on airfields, etc., provided under the Reciprocal Aid arrangements for the U. S. A. Forces in India, the cost of constructing new capital ships for the Royal Indian Navy, and the Defence share of the capital outlay on the scheme for the extension of telegraph and telephone communications in this country.

Thus, Sir Jeremy Raisman argued that "it would be quite in accordance with the general practice of Government to charge such expenditure to a capital head; although this course has not in the past been followed in the case of Defence expenditure. It has, therefore, been decided that the revised and budget estimates for the Defence services will consist of a revenue portion and a capita portion."

<i>Revenue portion</i>	(Crores of Rupees)
(1) Basic Normal Budget	36.77
(2) Effect of rise in prices	8.61
(3) India's War Measures	135.96
(4) Non-effective charges	8.41
	<hr/>
<i>Total</i>	189.75
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Capital portion

(1) Air Force—aerodromes	18.37
(2) Capital outlay on industrial expansion	12.00
(3) Reciprocal Aid—aerodromes	12.75
(4) New construction for the R.I.N.	4.72
(5) Capital outlay on Tele-communication scheme	1.30
<i>Total</i>	<hr/> 49.14 <hr/>
<i>Grand Total</i>	<hr/> 238.89 <hr/>

There is one curious sentence in Sir Jeremy Raisman's account relating to this dexterous manipulation of India's expenditure figures, which, as I have said earlier, constitutes one of the most amazing performances which only an autocratic bureaucrat could have put through an obsolete Legislature, which had neither a mandate nor a sense of sovereign power but was faced with an irremovable Executive. Here it is : "*As the capital expenditure in the current financial year is likely to be very much heavier than that incurred in 1943-44, this arrangement has the advantage of avoiding a serious disparity that might otherwise be shown between the revised and budget estimates of the defence expenditure chargeable to revenue.*" (*italics mine*). One need not be a chauvinist if one condemns an arrangement of this character as constituting a great swindle. These revenue and capital portions of the Defence expenditure were arrived at only for the purpose of throwing dust into the eyes of the people of this country, who, however, are not so dense as the Finance Member and the Government of India take them to be.

Thus, the budget estimates for 1943-44 were shown, at reduced totals, as hereunder :

<i>Revenue portion.</i>		(Crores of Rupees.)
(1) Basic normal budget	.. ..	36.77
(2) Effect of rise in prices	.. ..	10.62
(3) India's war measuras	.. ..	127.01
(4) Non-effective charges	.. ..	8.41
<i>Total</i>		<hr/> 182.81 <hr/>

Capital portion

(1) Air Forces—aerodromes	2.52
(2) Capital outlay on industrial expansions	4.00
(3) Reciprocal Aid—aerodromes	2.85
(4) New construction for the R.I.N.	3.28
(5) Capital outlay on Tele-Communication scheme	4.20
<i>Total</i>	<hr/> 16.85 <hr/>
<i>Grand Total</i>	<hr/> 199.66 <hr/>

Commenting on the above achievement, Sir Jeremy Raisman (Budget Statement, 1943-44, paragraph 38) observed as follows: "It will be noticed that for the first time since the war began our estimates envisage a decrease in the Defence budget, as compared with the revised, as far as expenditure charged to revenue is concerned, and, although it would be unsafe to conclude from this that India has now reached the peak of her own war expenditure, it is legitimate to hope that the stage of heavy additions is past."

Much has been made of the fact that India has been a signatory to or a beneficiary from the Mutual Aid Agreement of February 1942 between His Majesty's Government and the U.S.A., and, consequently, it was argued, India could not expect His Majesty's Government to pass on to India benefits from Lease-Lend which they might receive from the U.S.A. in the aggregate, including the benefits to countries other than the United Kingdom and the Empire and Commonwealth Group. It was also contended that His Majesty's Government could not be expected to pass on these benefits to a country like India without some accounting or some suitable compensation, but, even before a direct Mutual Aid Agreement was concluded between India and the U.S.A. Reciprocal Lease-Lend to the United States Forces in this country was shown in the Defence estimates "as a charge to Indian revenues." "At the same time, credit has been taken in the same estimates for all receipts expected to be realised from the sale of Lease-Lend supplies to the public, Provincial Governments, Railways and Government Departments run on commercial or quasi-commercial lines."

Then Sir Jeremy Raisman said: "The uncertainties of shipping alone rendered it impossible to say what Lease-Lend

goods will reach India in any given time. Subject to this reservation, the total expenditure on providing Reciprocal Aid to the United States Forces in India during 1942-43 and 1943-44 has been taken in these estimates at 16,70 lakhs and 3,04 lakhs respectively. The estimated value of Lease-Lend supplies already received in India and utilised for her own purposes exceeds the aggregate provision made for reciprocal aid during the current year and the next." But, let it be noted, the aggregate value of Lend-Lease supplies could not be estimated by the Finance Department of the Government of India! To cap all, Sir Jeremy Raisman said that "it has also been decided to liquidate as soon as convenient our Chatfield debt of one quarter of £34 millions", being the estimated pre-war cost of modernising the Army in India, three-fourths of which was to be provided by His Majesty's Government as a free gift to India, the balance of one-fourth being India's liability "to be discharged on easy terms."

Five years after Lord Chatfield reported on this vexed question, as we have seen in an earlier section of this book, the point relating to the so-called easy terms was completely neglected, and Sir Jeremy Raisman said, with a candour which is disarming, that "early liquidation of this liability, which will, in any case, have to be discharged sooner or later, amounts in effect to the repatriation of *another small block of India's sterling debt*" (*italics mine*). During all the War years, a sense of glib competence very naturally pervaded the Finance Department of the Government of India at the behest of the General Headquarters, which in turn was at the beck and call of the British War Office and the Allied Defence Organisation in London. The result was that the Finance Member, even without measuring the dimensions of the cloth at his disposal, operated on his scissors and cut that cloth into any shape or pattern as and when the cue was given from London, with the result that a strait jacket of Defence expenditure was built up, into which this country was thrust without any consideration of the fact whether the jacket fitted the country anatomically, or whether it crushed the abdomen or choked the throat. I need not exaggerate this imagery any further, for we have still three more War budgets to consider, before the final picture of India's Defence expenditure during the Second World War is obtained.

LEND-LEASE AND RECIPROCAL AID

The Budget statement of Sir Jeremy Raisman for 1944-45 took the expenditure parabola in its upward swing a good

deal further than in the preceding years. The creation of the South-East Asia Command was symbolical of the fact that India had become the centre-piece of the strategy of the United Nations in their onslaught upon Japan. There was an all-round expansion and re-organisation of the three arms of the Defence Services and, in addition, there was considerable attention paid to the amenities of the troops. The result naturally was a further spurt forward in Defence expenditure.

It was claimed by Sir Jeremy Raisman that even the creation of the South-East Asia Command did not in any way render it necessary that a departure should be made from the principles of the Master Agreement between the United Kingdom and India, but he said in the same breath, as a rider to this statement, that "in accordance with those principles, India's liability for the cost of Forces serving within her geographical frontiers is subject to the condition that such Forces are both necessary and available for local Defence purposes. It has been recognised that the strength of forces needed for such purposes at any time are subject to maximum limits" (*italics mine*). He also said that the Commander-in-Chief had laid down limits or ceilings to these forces.

It will be seen that the departure from the position obtaining in the preceding War years was very clearly camouflaged, and the Commander-in-Chief was brought into the arena of parliamentary politics by the simple statement that he had laid down ceilings, obviously on the upgrade, to the troops needed for local Defence, which at this period of our national history almost synchronised with the Defence of the country against attack from without, at any rate as far as our Eastern frontiers were concerned. Later on, it will be shown that these ceilings have been reduced, but the fact remains that, while swearing by the Bible of the Master Agreement of 1940 between India and Britain, the Finance Member consistently strove to riddle it with riders and addenda that its entire structure became altered.

If evidence were needed to support this contention, the following statement of the Finance Member, which was made just after his first reference to ceilings, is sufficient: "The estimates and accounts of India's Defence expenditure was therefore to be prepared with due regard to these ceilings as certified from time to time by Indian Defence authorities, which set bounds to her liability for the cost of the additional

forces brought into or raised in this country" (*italics mine*). The labyrinthine maze of India's Defence expenditure thus becomes clear, for in a split second the Finance Member was able to tell the Legislature that the cost of the additional forces brought into this country, in addition to those raised from this country, was also chargeable to Indian revenues. As will be shown in the succeeding sections of this Chapter, the theory of joint war measures was completely sacrificed. In fairness to the Finance Member, it must, however, be stated that these ceilings had special reference to the Air Force side of Army organisation in this land during the period under review.

In 1944, it was made clear that India would not enter into a direct Mutual Aid Agreement with the U. S. A., though in the preceding year hopes were held out that such a direct agreement between this country and the U. S. A. would follow the conclusion of the Agreement between U. S. A. and the U. K. Negotiations were suspended between the two countries on the specious plea "of the difficulty of determining India's post-war policy in certain respects at this stage". How post-war policies were not allowed to interfere with the Agreement between the U. K. and the U. S. A. in regard to Mutual Aid was not mentioned, but the Finance Member announced that "the Government of India, nevertheless, have accepted the principles underlying Mutual Aid, and continue to receive lend-lease goods and services from the U.S.A. and to grant Reciprocal Aid in return."

A bald statement like this might look innocuous to the unwary, and hence it is necessary to examine the manner in which Mutual Aid and Reciprocal Aid as between U. S. A. and India were managed. As I have said earlier, the ramifications of Mutual Aid under Lend-Lease to this country will never be unravelled, but this country is thankful to Sir Jeremy Raisman for indicating the three main forms of Reciprocal Aid which India was expected to give and actually gave to the U. S. A. In the first place, the U. S. Forces in India received Reciprocal Aid in the shape of rations, clothing, ordnance and other stores, construction of accommodation, air fields and connected works, and provision of transportation, communications and maintenance facilities of various kinds. Secondly, Reciprocal Aid to U. S. shipping using Indian ports, in the shape of port duties of all kinds, ship repairs and so on. Thirdly, supply of available raw materials and available foodstuffs, such as tea, required by the U. S. Government directly for war purposes, and it was

stated in 1944 that arrangements governing Reciprocal Aid in raw materials were still being worked out. It was estimated that up to the end of 1944-45 Lend-Lease goods and services received by India were of the order of Rs. 350 crores. Since India has no direct Lend-Lease account with the U. S. A. but received these goods and services *via* His Majesty's Government, the question of allocation between His Majesty's Government and the Government of India was left to remain one of great complexity. It was hazarded that of these Rs. 350 crores of Lend-Lease goods and services sent to this country, at least one-third would be India's share. The total cost of Reciprocal Aid by India to the U. S. A. to the end of 1944-45 was estimated at a little over Rs. 81 crores. The suggestion here was that Lend-Lease to India *via* the U. K. left a margin of nearly Rs. 40 crores by the end of 1944-45.

In 1945-46, the Government of India had the unenviable task of having their plans completely upset by the developments in the Far and East on the Eastern border of this country, even though the striking successes in the West of the U. S. S. R. and the Allies more than counterbalanced the temporary losses in the East. Still, Sir Jeremy Raisman had to confess in his Budget speech that the developments in the South-East Asia theatre "did not take quite the course envisaged," for "before any major offensive based on India could be launched against them, the Japanese took the initiative and committed almost their entire resources in Burma to a large-scale assault on India's North-Eastern frontier." The result of this naturally was a further stepping up of Defence expenditure to the all-time record figure of Rs. 456.64 crores as the revised estimates for 1944-45.

This all-time record figure must necessarily be examined at some length. For example, Sir Jeremy Raisman had to tell the Legislature as follows : "At present the great bulk of Reciprocal Aid afforded to the U.S.A. in India is charged to Indian revenues, and only a relatively minor amount of such Aid, *e.g.*, that relating to certain non-indigenous supplies, is financed by H.M.G. and treated as British Reciprocal Aid." He estimated that by the end of 1944-45 some Rs. 515 crores of supplies and services were expected to be made to India under Lend-Lease arrangement, and that the value of these supplies and services which India would have to provide at her own expense were assessed at Rs. 150 crores. Then, the Finance Member went on : "It is impossible to make any similar estimate for the year 1945-46, as the extent of Lend-Lease

granted during the year must necessarily depend on War developments both in the European and in the Eastern theatres. There seems no reason, however, to think that the value of Lend-Lease aid received by India to the end of that year will fall short of the corresponding amount of Reciprocal Aid to U. S. A."

It will be seen that, at every stage during the progress of the recent international hostilities, the principal custodian of the financial resources of the Government of India always felt himself constrained to tell the Central Legislature that he did not know what obligations were involved by the course which military events took both in the West and in the East, and that he was obliged to bring into the books of this country each and every item of expenditure which was engendered by a switching over of operations from one theatre to another, and by the stampedes which Allied troops, as validly during defeats as in victories, went through and compelled this country to go through, and by a host of other developments for which the initiative always rested with London and Washington.

In his Budget statement for 1945-46 Sir Jeremy Raisman delivered a rabbit to the Legislature by making a reference to the Mutual Aid Agreement between India and Canada. Even though he could not tell the people of India about the precise effects of this Agreement upon the country's Defence expenditure, he was able to announce a reduction of Rs. 5 crores in the revised estimates for 1944-45, and the budget estimates for 1945-46 on this account :

REVISED FINANCIAL AGREEMENT

Perhaps the parting gift of Sir Jeremy Raisman to this country was the revised agreement between His Majesty's Government and the Government of India, covering the allocation for the duration of War of non-effective charges, i.e. pensions and gratuities paid to the personnel of the Defence services and their dependents. This Agreement involved the following:

- (a) The non-effective account between the two Governments to be finally closed as on the 1st April 1950, India's net liability towards His Majesty's Government for the non-effective charges of all Defence personnel on that date being discharged by a lump sum payment of £15,000,000;
- (b) India's net liability thereafter during the War to be fully discharged by an annual payment of £1,750,000 to His Majesty's Government ;

- (c) Each Government to bear the cost of those casualty pensions and other abnormal non-effective charges arising out of the War, which are sanctioned under its own regulations : and
- (d) The new agreement to be co-terminus with the main Financial Settlement, a fresh agreement to be negotiated thereafter.

Sponsoring this Agreement, Sir Jeremy Raisman told the Legislature that it had " the great merit of simplicity, while securing an equitable apportionment of the charges in question between the two Governments."

It was pointed out in Defence of this Agreement that the experience of the First World War had shown that it was necessary to maintain " an elaborate non-effective account and the continuous collection of detailed information regarding the service of many thousands of officers and men." It was also said that the account relating to the First World War could not be settled till 1931, and that too " in a more or less arbitrary manner." Finally, it was stated that, at any rate as far as the First World War was concerned " the net result of these adjustments was a substantial annual payment by India to H. M. G."

I must agree that these premises were more or less correct. But even a cursory examination of this revised Agreement relating to non-effective charges will indicate certain features which must be examined in some detail, despite the claim of Sir Jeremy Raisman that it was equitable to this country. In the first place, it raked up the question of pre-war non-effective account between His Majesty's Government and the Government of India, and compounded it at £15,000,000. Then, it arrived at an arbitrary figure of £1,350,000 for each of the years of the recent international hostilities, the validity of which was not explained to this country, either by the Finance Member or by the General Headquarters. Doubts must necessarily exist about the correctness of this allocation, the Finance Member followed up these four clauses of the non-effective charges Agreement by declaring that His Majesty's Government " enquired whether the Government of India would be disposed to this account in advance of that date," the bait shown being that the annual liability of £1,350,000 would be reduced to £900,000. Sir Jeremy Raisman said that " as this offer seemed to the Government of India a favourable one," it has been accepted and payments came to be made at

the rate of £900,000 a year with effect from February 1, 1945.

The question naturally arises, what were the principles behind the four main clauses of the non-effective Agreement? How were the annual payments fixed at £1,350,000? If this figure was correct and equitable and necessary, how could His Majesty's Government forego £450,000 a year, which for the six War years would come nearly to £3,000,000? Why was this sudden generosity shown by His Majesty's Government to the people of India? Was it because His Majesty's Government wanted that lump sum of £15,000,000 closing the account up to April 1, 1939, in a manner which will not make it possible for India to rake it up again, if the non-effective charges Agreement was found inequitable? Was it because that His Majesty's Government wanted funds and that every angle of India's economy and financial structure was nibbled at, so that the sum total of the fat crumbs obtained might give London a fund of considerable size which will assist in the operation of His Majesty's Government leading to the financial stability of the British people?

This train of thought can be pursued almost indefinitely, but the point is clear that the non-effective charges Agreement, which was concluded in secrecy between the Departments of the Government of India concerned and His Majesty's Government, does not look either sound or *bona fide*. In addition to this, the Agreement provided that each Government should bear the cost of those casualty pensions and other abnormal non-effective charges arising out of the War which were sanctioned under its own regulations. This moreover does provision blows sky-high the earlier theory of "joint measures", and reloads on to the shoulders of the people of this country expenditure which should not have been there. No other construction is possible for, if the Land Forces and the Air Force, with the dubious exception of the Indian Navy, were raised, equipped and deployed as joint war measures, how could the Government of India give sanction under its own regulations to casualty pensions and other abnormal non-effective charges? We can set that account separated from the main block which has been the joint responsibility of His Majesty's Government and the Government of India? Nor does it seem that every conceivable fashion, the resources of the Government are charged with expenditure in the matter of the Indian Army and on account of a myriad of local expenses.

The last performance of Sir Jeremy Raisman as a Finance Member of the Government of India related naturally to a spirited defence of the Master Agreement, which, he claimed, came unnecessarily for "a great deal of abuse" both in India and in Britain. He averred that this Agreement was the "sheet anchor for the purpose of determining India's share of war expenditure". Then came a priceless admission which shows up the utter defeat of this war-time Finance Member in his attempts to throw dust in the eyes of the people of this country, for he admitted that, during the course of every year of War before the Master Agreement of 1940, His Majesty's Government were extremely generous towards this country and that no expenditure was charged to the revenues of the people of this land which could not be justified on the ground that it was absolutely necessary for their own security. The admission runs as follows: "*Under the operation of that Settlement India becomes liable to a considerable amount of additional expenditure arising out of the Japanese invasion at the beginning of the year*" (*italics mine*).

It was never suggested in this country that our national revenues should not become liable to expenditure of a type involved by war which brought in the question of our territorial security. But Sir Jeremy Raisman explained that this enormous spurt forward in the revised estimates for 1944-45 was due to the taking of the initiative by the Japanese, and by the events which made Kohima and Imphal significant to the people of this land. He said: "The increase of 118,64 crores..... is due to the major developments just mentioned, and to an under-estimate of the cost of air services in India." Let it be remembered that this colossal increase in the revised Budget for 1944-45 was for only a period of hardly ten months. It is admitted that war-time standards do not limit expenditure to tens or hundreds of crores, but might even involve thousands of crores even for a poor country like India, allegedly to secure protection of whose interests Sir Jeremy Raisman went to London much earlier than the period we are discussing now. But the fact must be mentioned that, and having miserably failed in the defence of Malaya and Burma, having completely cleared out of these two countries with a speed which made General Alexander most famous in the military history of the world as a strategist of unparelled initiative and fleet-foot, the Americans and the British made a dead stand round about Kohima. Indeed, the problem of American installations and assets, which had assumed

holding control of the Defence organisation and the Defence budget, it must be stated that the innovation introduced by Sir Archibald Rowlands, the erstwhile Financial Adviser to the War Department, subtracted from the already meagre opportunities available to legislators to take note of Defence expenditure. This is a constitutional issue which need not detain us further at the moment, and we shall proceed with the fundamental points involved in the War Secretary's memorandum, linking up, as much as possible, with such of the meagre summary details which Sir Archibald Rowlands felt called upon to discuss in that section of his budget statement dealing with Defence expenditure for 1946-47.

The memorandum of the War Department on the budget estimates for the Defence Services, 1946-47, contains a good few remarkable statements about the method of accounting adopted by the Government of India in dealing with the colossal war-time expenditure, and, looking back, gives us a ready parallel to what exactly had happened after the conclusion of the First World War. I do not think I would be far wrong in emphasising the point that the financial aftermath of the First World War would be repeated in the coming few years, in the sense that a series of undecided problems involving financial adjustments between Britain and India will be with us, as a result of the accounting methods pursued by the Government of India during the past seven years. Actually, I would not be surprised if a series of disputes between the future Government of India (which, even on the showing of Sir Archibald Rowlands, might be the first Indian and completely National Government) and His Majesty's Government, to unravel which even the greatest amount of ingenuity on the Indian side would be insufficient. To disentangle "Joint War Measures," "One Common War Measure", capitation charges, block allotments both in regard to revenue and capital portions of Defence expenditure, allocation of expenditure for the despatch of millions of Indian troops for service overseas, etc. etc., reminiscent of what we have seen in the preceding Chapter, would well-nigh become an impossible task. And, for this, the responsibility is primarily that of Sir Jeremy Raisman, and, in certain aspects more so that of Sir Archibald Rowlands, in particular due to this bifurcation of responsibility between the Finance Member and the War Department under which the latter threatens to become *terra incognita*.

In paragraph 13 of the Defence Department's memorandum, the following illuminating admission occurs;

"In view of the numerous disturbing factors and of the heavy demands which will be made on the executive and accounting staffs in connection with general demobilisation, disposals, etc., it will be not possible to revert during 1946-47 to the normal peace-time system of accounting." In paragraph 15, the War Secretary admitted that it was intended to "reintroduce during 1946-47, as far as practicable, the pre-war system of budget allotments and the check of expenditure thereagainst. As explained elsewhere, *budgetary control over Defence expenditure had to be almost entirely suspended during the period of the War*, but the reasons justifying this relaxation no longer hold good, and it is clearly essential that the Defence expenditure should again be regulated according to the amounts provided on that account in the sanctioned budget" (*italics mine*). Explaining the new accounting heads introduced in the Defence estimates for 1946-47, the War Department wrote: "These methods are designed to reduce accounting work to manageable proportions, and in particular to eliminate the troublesome and arduous process of marking and pricing vouchers for supplies and services."

This was how the War Department sought to make out the case for the continuance of the Master Agreement of 1940 between Britain and India relating to the allocation of Defence expenditure. Sir Archibald Rowlands (paragraph 19 of the budget statement) declared: "I want to emphasise that it was Whitehall and not Delhi that wanted to drop the Financial Settlement at the end of the current financial year", and that it was the Government of India who frantically appealed to His Majesty's Government for the continuance of this arrangement! In support of the War Secretary's statement quoted earlier, the Finance Member has this all-time astounding admission regarding this Master Agreement: "*This is merely a set of accounting rules for allocating to the respective exchequers the total war expenditure in accordance with the principle to which I have just referred. Experience gained in the last War showed that the normal peace-time methods of determining the shares to be borne by India and the U.K. in accordance with this principle are quite impracticable under War conditions and the Settlement was, therefore, devised as a rough and ready means of arriving at India's share of Defence expenditure, which, broadly conforming to the accepted principles of incidence, would not impose an intolerable strain on the administrative and accounting machines*" (*italics mine*).

Since, argued Sir Archibald Rowlands, reversion during the financial year 1946-47 "to the normal account-

ing methods of allocating expenditure would be impracticable", the Government of India urged upon His Majesty's Government for the continuance of the Financial Settlement up to March 31, 1947! I have only one comment to make upon this amazing piece of logic, whose purpose is nothing other than an attempt to hoodwink the people of this country. Having, as I said earlier, made Defence expenditure almost *terra incognita*, and abdicating from his legitimate duties to the Central Legislature, the Finance Member perpetuated, behind the backs of the legislators, the Master Agreement of 1940, as amended in 1944, at any rate up to the end of the financial year 1946-47. On the Finance Member's admission, His Majesty's Government had pressed for the abrogation of this Agreement, very much like the similar abrogation by the U. S. A. of Lend-Lease and Reversed Lend-Lease arrangements, the moment the Japanese war ended. Obviously, the British Treasury and the War Office had no accounting difficulties and found it possible for them to demand the abrogation of this Master Agreement, and it was only the Government of India which was faced with these difficulties. The insinuation that the continuation of the allocation of expenditure between Britain and India was unwanted by His Majesty's Government, but was extended at the request of the Government of India, ostensibly for the benefit of this country, is a piece of specious argument which does not deceive us.

The above two devices of Sir Archibald Rowlands, viz. abdication of responsibility to the Legislature for Defence expenditure and the continuance till March 31, 1947, of the Master Agreement between Britain and India, constitute a thick, dark and ominous smoke screen around the entire range of Defence expenditure, within the meaning of "Joint War Measures" and "One Single War Measure" labyrinths, from out of which a student of Indian finance, as has been shown earlier in this Chapter, could not extricate himself. The fact that Sir Archibald Rowlands repeatedly referred to the contingency of his being the last non-Indian Finance Member proves that next year the Indian counterpart would find his hands and feet completely tied up in terms of these two devices, and discover himself incapable of dealing with justice and equity and from the Indian viewpoint with the thousand and one vital details connected with Army organisation, equipment, expenditure and the allocation of that expenditure between Britain and India.

If it is the intention of Britain to create an atmosphere of cordiality and understanding between the British and Indian peoples on the eve of the much-lauded constitutional reforms, this is not exactly the method which should be pursued by the Finance Member and the War Department of the Government of India. I have a feeling that very soon, that is to say when the detailed analysis of the final figures relating to Defence expenditure are to be brought together and decisions made as regards the relative responsibility for the same as between Britain and India, this colossal swindle of the Second World War would come to the surface. Even if a National Government comes into existence next year, with full and unfettered control of Army organisation and Defence expenditure vested in its hands, the Indian Finance Member would not be able to easily unravel this tangle.

Possibly, almost certainly, an Expenditure Commission entirely composed of Indians would have to be appointed by the future Government of India, and such a Commission would have the unenviable task of estimating the toll collected by Britain from this country in this regard. After all, Rs. 2,400 crores, representing the gross Defence expenditure brought into the books of the Government of India, of which anything up to Rs. 1,000 crores are supposed to be the proper share of His Majesty's Government, and which has got to be *actually paid* into the Indian exchequer, are not a small or a simple affair. Year after year, Sir Jeremy Raisman had told the Legislature that His Majesty's Government were responsible for hundreds of crores of rupees of Defence expenditure shown in the books of the Government of India, very much as in the old days when similar statements were made by his predecessors, with reference to the despatch of troops from India to overseas countries in connection with the operations of the First World War and after. Even Sir Archibald Rowlands has not departed from this smug attitude of bringing into India's books expenditure, considerable portions of which were to be recovered from His Majesty's Government. As I have shown in the preceding Chapter, even fifteen years after the Treaty of Versailles, several disputes existed between Britain and India in regard to big amounts of money recoverable from His Majesty's Government, and were not recovered owing to the laxity of accounting and the non-chalance of approach which the custodians of the public fisc in this country had displayed from year to year.

I would most seriously urge on the future National Government of India the need for the appointment of this

Expenditure Commission to investigate, unravel, determine and finally settle the colossal amounts due to this country from Britain in respect of payments for hundreds of thousands of Indian troops taken out for service in various theatres of War (including the ignoble imperialistic adventures of Britain to suppress the liberties of the Indonesian and other peoples of the Far East); the "Joint War Measures" and "One Single War Measure" stratagems used by Sir Jeremy Raisman to confuse and trick the people of this country; and the myriads of other big and small subterfuges for financing Defence expenditure resorted to by the Government of India from day to day during the past seven years. This is a task, the proper discharge of which would play a tremendous part in the ultimate reckoning which India must have with Britain in the sphere of the loot collected with impunity by the latter for long centuries together. But let me proceed with an examination of the "terminal arrangements" with respect to Defence expenditure as indicated by Sir Archibald Rowlands in his Budget speech, and by the War Department in the explanatory memorandum on the Budget estimates for the Defence Services.

The Budget estimates for 1946-57, in the light of the creation of new heads of accounting (which incidentally bear a close resemblance to the two devices of the Finance Member indicated earlier) can be readjusted as follows :—

In crores of rupees
(thousands rounded off)

Effective :

(1) Pre-war Cost	..	..	36.77
(2) Effect in rise of prices	..	..	17.46
(3) India's War Measures	..	..	179.31
			<u>233.54</u>

Non-effective:

	..	..	10.96
Total Defence Expenditure	...	..	<u>244.51</u>

I have reconverted the language of the War Department's Memorandum in order that the estimates for the 1946-47 Budget are comparable to those of the preceding six war budgets the distinguishing language of the new procedure being that the emergency division of the Defence budget into revenue and capital portions has once again come to conform to the pre-war practice of differentiating effective and non-effective charges. Apparently, this is a foretaste of what

the Finance Member declared in his budget statement, viz. that an effort would be made presently in India to revert to pre-war methods of accounting and budgeting and budgetary control, but this is a small point which need not detain us any further.

The revised Defence budget estimates for 1945-46 were Rs. 376.42 crores as against the original estimates of Rs. 394.23 crores, whereas the Budget estimates for 1946-47 were 243.77 crores, representing a difference of slightly over Rs. 150 crores between the Budget estimates for 1945-46 and 1946-47. The provision of over Rs. 170 crores for "expenditure on emergency Defence measures chargeable to Indian revenues" (our old friend "India's War Measures") for 1946-47 must necessarily look staggering nearly one year after V-E Day and eight months after V-J Day. But the War Department had a ready answer for this. It says: "The ending of the war has not been accompanied by an immediate and spectacular reduction in Defence activities and the connected expenditure." Stressing the inevitability of a time lag between the date of entering into commitments and that on which resultant expenditure comes forward, particularly with reference to the operation of the Master Agreement between Britain and India, the War Secretary's memorandum emphasised the point that "under the operation of the Financial Settlement, cash expenditure on the procurement of stores for war purposes has been borne almost wholly by His Majesty's Government in the first instance, India paying for such stores only as and when she draws them from stock thus built up at that Government's expense." In addition, emphasis was very naturally laid on what were called the "terminal activities" which involved a good deal of expenditure, *e.g.*, on war gratuities, leave and other demobilisation concessions, conveyance of men from places where they were billeted in and outside India to discharge centres and thence to their homes, compensation to owners of property requisitioned during wartime, etc. In addition, the estimate was given that after V-J Day, out of the war-time peak figure of 2,115,737 on Indians in the three branches of the Defence Services, as many as 1,597,000 were estimated to be surplus and covered by general demobilisation plans which the Finance Member said were under way even since October 1945.

I do not wish to take the reader through the important but tedious aggregate of demobilisation plans which the Government of India declared they had on their hands at

the time when the budget statement was presented by Sir Archibald Rowlands. But the Report of the Willcox Committee appointed by the Commander-in-Chief in 1944, to consider and report on the size and composition of the Army and Air Force required in India after the demobilisation was complete, had, even though actually been submitted to the War Department, not been made public. Still, out of the 2,250,000 Indian troops under arms during the second World War, as many as more than 1,500,000 were declared surplus on V-J Day. It is slightly odd to be told that the recommendations of the Wilcox Committee would not be available to the public, and yet that demobilisation of this vast mass of humanity would be completed during the course of the current financial year, without at the same time fixing ceilings for what might be termed the peace-time Standing Army of India. It is also clear that without determining the pay and allowances and other terms of services of India's peace-time armed forces, a task which was remitted to and completed by a strong departmental Committee, estimates were made of the transitional budget for the Defence Services only in the light of the demobilisation plans above indicated.

Long after the conclusion of hostilities, the provision of nearly Rs. 180 crores and the new Main Head III, "Expenditure on emergency Defence measures chargeable to Indian revenues", seems to be slightly odd. It is true that war gratuities, release leave, overseas service leave and clothing benefits for the 1,500,000 would-be demobbed soldiers, certainly account for a considerable amount of this expenditure. But all these and other incidental items do not cover the total aggregate of expenditure. I have analysed the details of expenditure in the memorandum of the War Department. I must state here a few important problems which go towards making up this considerable total on "emergency defence measures" to be paid for in 1946-47. The Indian contingent to the international which is to participate in the occupation of Japan has to be paid for in the first instance by us. The pay and allowances of these troops must come to a fairly considerable total, but no one can anticipate what reparations India would obtain from Japan, though, judging from the 2.9 per cent share stated to have been allotted to this country out of the German reparations, the Japanese reparations might as well look equally puny. This does not mean that the Occupying Powers would be prevented from recovering expenses of the occupying contingents from the Japanese people.

An analysis of the explanatory notes for each item of expenditure listed by the War Department is interesting. The War Department's memorandum contains the following illuminating opening statement: "The troops located in India in respect of which India's liability arises during 1946-47 will consist partly of those required for her post-war Army and partly of those awaiting, or in process of, demobilisation. India is liable for the maintenance costs of the former and of such of the latter as were required for purposes of her local defence. His Majesty's Government is liable for the maintenance costs of forces raised in India during the War in excess of her ceiling Defence requirements; most of these will be overseas during 1946-47." This was the explanation for an item of over Rs. 15½ crores relating to pay and allowances (other than deferred pay) of forces in India, and was stated to have been arrived at "by applying appropriate capitation rates to the numbers by which the monthly strengths of the various categories of troops located in India for whose costs India is liable." Then, were given the average excess strengths of fighting forces in India on which this estimate was based:

Officers	6,946
British Other Ranks	The average was below the pre-war strength
V.C.O.s & Indian other ranks	177,469
Non-combatants ..	16,047

I must stop here for a while, and examine the implications of the methods adopted by the War Department and endorsed by the Finance Department as indicated in the above list of surplus strengths. The War Department memorandum declared more than 1,500,000 Indians as surplus to the forces of this country, and laid out plans for the demobilisation by the end of March 1946 of nearly half a million of these surplus Indian personnel. But the War Department was unwilling to indicate the actual number of British Other Ranks who would be surplus to the fighting forces of this country. When questions were put in the Central Legislature (February 12, 1946), War Secretary Mason, as we have seen in the Introduction to this book, declared that it would not be in public interest to disclose the number of troops at that time in this country, and that the number of British troops eventually to remain in India would be for decision of the future Government of this country. He, however, said that the maximum

number of British troops ever stationed in this country during the second World War was 246,000, and yet in the budget estimates for the Defence Services were submitted to the Legislature, and financial provision was made for the pay, allowances, *etc.*, of British other Ranks, whose numbers must be considerable and obviously several times that of their normal strength of the inter-war period, without their strengths being so much as referred to.

On the question of deferred pay which involved an amount of Rs. 1.25 crores, the memorandum of the War Department stated: "The total annual earnings of deferred pay were credited to a suspense account, the *per contra* debits being allocated between India and His Majesty's Government with reference to the respective liability of the two Governments for the ordinary pay charges of the men concerned. This suspense account is eventually cleared by debiting thereto the amount of deferred pay as and when actually disbursed". Comment is needless on this deliberate attempt of the Defence Department and the Finance Department to deny the information which we are entitled to, even on items of expenditure which were heaped upon the shoulders of the Indian tax-payer. This, of course, is one of the surest ways of governing the country for, politically speaking, we do not know the strength of the Occupation Army which is stationed in our midst, to ensure the moral and material progress of the people of this wretched country!

I must detail one or two other items from the explanatory memorandum of the War Department to emphasise the extremely unsatisfactory character of budgeting—perhaps I should say the lack of budgeting—resorted to by the War and Finance Departments one year after the conclusion of international hostilities. Explaining the head "purchase and sale of stores, equipment and animals" representing nearly Rs. 47 crores, the memorandum laid down: "Under the operation of the Financial Settlement, all expenditure on the acquisition of stores, equipment and animals for the Defence Services, whether by purchase or manufacture, as, well as that on their custody and distribution, is charged initially to His Majesty's Government. In so far as India's requirements of stores for her own purposes are related to the pre-war army, her liability is discharged by the annual contributions for pre-war cost and adjustments for prices *etc.*.... For other stores utilised for India's own purposes payment is made to His Majesty's Government by means of capitation and

unit rates applied to excess strength, as in the case of pay charges departmental, freight and other charges incidental to their supply to consuming units, etc., are allowed for by percentage additions to the cost of acquisition." Having stated (or unstated?) this cardinal principle of the Master Agreement, the memorandum proceeded: "*This explains the absence from these estimates of specific provision for the cost of factories, dairy farms, grass farms, arsenals, ordnance depots, supply depots, medical store depots and military inspection organisation*" (*italics mine*). To cap all, the memorandum stated: "The actual running costs of these institutions are borne by His Majesty's Government, India's share being adjusted in the manner just prescribed." Comment is superfluous on this "method of accounting."

The item of Defence expenditure on special services, including war gratuities, special leave and other terminal benefits, and expenditure on Indian forces serving in Japan (the last mentioned alone accounting for nearly Rs. 1 crore) involved some Rs. 36 crores. The cost of these war gratuities are divisible between India and Britain and "will be allocated in the proportion of the average strengths of the forces, whose pay charges have been borne by the two Governments respectively." The joke, however, is that we in this country do not exactly know to what extent we have borne the pay charges of the troops involved. Special leave and other terminal benefits costing us, out of the above mentioned aggregate sum, some Rs. 18 crores, are also divisible in this manner.

An idea of the size of the Indian element of the Army in India, which is to be retained after the war-time surpluses are demobilised, can be obtained by placing together scraps of information given in answers to questions in the Central Legislature and in the memorandum of the War Department on budgetary estimates for the Defence Services, 1946-47. Deducting the declared surplus of 1,597,000 from the war time peak figure of 2,115,737, the probable strength of Indian land forces, after demobilisation plans are completed, would be of the order of 518,737 which compares to the inter-war average of 150,000. The maximum strength of the Royal Indian Navy ever reached during the Second World War was stated to be 32,917. Of this, according to the War Department's memorandum, 14,318 were to be retained as constituting the post-war strength, inclusive of commissioned officers, warrant officers and ratings. As regards the Royal Indian Air Forces, their war-time maximum was 29,820, and apparently it is the intention of the authorities not only to retain this considerable aggregate, but even to increase it. Information given in the War Department's

changes introduced in accounting methods from time to time, with the result that a series of disputed items as between Britain and India continued to exist in regard to Defence expenditure right through the entire course of the inter-war period. I have also said that a purely Indian Commission, to investigate War expenditure and the allocation thereof between Britain and India, must be appointed by this country in order to establish the ethics, or the lack thereof, in the decisions of His Majesty's Government, who contrived to see that India's total gross bill for the Second World War was of the order of Rs. 2,400 crores. Permanent additions to the tax structure have been made, though Sir Archibald Rowlands' first peace Budget contained numerous tax reductions, *e.g.*, the abolition of the E.P.T. *etc.*, compare favourably with the first peace Budget after the Treaty of Versailles, in that the E.P.T. on the earlier occasion continued for a longer time even after the War had concluded. But it cannot be said that the Augean stables of Defence expenditure would be cleared in the near future.

A thousand and one items relating to allocation between Britain and India of non-effective charges; of payments due to this country in respect of hundreds of thousands of Indian soldiers sent overseas for service in various theatres of War, both in War and in peace; in respect of Lease-Lend and Reverse Lease-Lend or Reciprocal Aid: in regard to the general question of war effort in India; the capitation charges between Britain and India with reference to the British element of the Army in this country—these and other points are bound to persist in the coming years, exactly in the manner in which they persisted and refused to die out in the inter-war period. The device of the Sterling Balances would be pressed into the service of Britain to see that these claims are not effectively and adequately paid out to us, but in the case of Sterling Balances the overall impression given to the people of this country, at any rate at the present moment, is that further sacrifices would be enforced, and that there would be a diminution of these balances, simply because Britain has come on the top as a Victor but finds herself in financial doldrums.

An Indian Finance Member would no doubt investigate all these questions and would press forward for an equitable settlement of all the outstandings issues, so that the almost unbridled manner in which this country was mulcted in respect of a variety of financial claims pending between us and Britain were arbitrarily, almost shamefacedly, settled to the advantage of either the British War Office, the British Admiralty, or

the Air Ministry, during the inter-war period, does not re-occur in the coming years. I consider that a period of anything between five to ten years, even after an Indian Finance Member and an Indian Defence Member take charge of the affairs at the Indian end, would elapse before any satisfactory settlement could be reached between India and Britain, on these and other related questions. The eventual abolition of the British element of the Army in India would naturally become the target to be approached by us as a people struggling for freedom, both in the political and economic spheres. If British troops are retained for any reason over a considerable number of years to come, the obvious method of payment would be a lump sum grant determined in advance, in the light of all the budgetary considerations involved in that expenditure, and this grant would be made to Britain from out of Indian revenues without any ado at all. The guarantee that injustice would not be visited upon the people of this country, as in the long years of British occupation, would be available to us, the reason being that fully responsible Indian ministers would negotiate this financial arrangement, in the light of the doleful but rich experience we have of Defence expenditure and matters connected with it in the long, long decades of the Indo-British connection.

If the British Army is retained in India under a covenant between the people of this country on the one part and the British people on the other, and paid on a properly delimited basis of financial allocation, then such an Army would cease to be an Occupation Army. It would in fact become reduced to the position of a Mercenary Army in the pay roll of the people of this country, and detailed to do duty in our midst, in order that the liquidation of the Indo-British connection of two centuries is properly contrived to come into existence. If the British element of the Army in India thus becomes a Mercenary Army, what has been so far regarded as the Mercenary Army of this country, meaning thereby the rice-soldiers of India, would come converted into a People's Army, inter-larding and controlling, in a process which is exactly the reverse of what I have described in the Introduction to this book, British Officers and soldiers, who are to do duty in our midst, doing duty only at our behest and discharging tasks assigned to them in our national interest. If these British officers and men are retained in our service, conceivably for a limited period even after India becomes politically free, it would be so only in order that they assist in the liquidation of their

was concerned, had always been a professional army vested in British families. Section 19 of this Act stated that "in the appointment of officers to His Majesty's Army, the same provision as heretofore, or equal provision, shall be made for the appointment of sons of persons who have served in India in the military or civil service of the Crown or the East India Company." This is a well-known provision and need not surprise us, for, even today, unless I am grossly mistaken, the recruitment for the higher direction of the Army in India symbolises the deliberate attempt of His Majesty's Government to place generation after generation of these professional British families on the Indian establishment, so that Britain's domain in India continues unabated.

On the financial side, Section 22 stated : "Except for preventing or repelling actual invasion of His Majesty's Indian possessions, or under other sudden and urgent necessity, the revenues of India shall not, without the consent of both Houses of Parliament, be applicable to defraying the expenses of any military operation carried on beyond the external frontiers of those possessions by His Majesty's Forces charged upon those revenues." This must be considered to be a crucial clause of the Act, but the reader will have noticed that this position, which was also deemed to be current before the passage of the 1919 Act, was deliberately flouted during the long decades of British occupation preceding the First World War, as it was equally well violated during the inter-war period. Of course, the positions obtaining at the time of the First World War and the Second World War were technically different, for in the case of the former it had meant the suspension of the operation of this particular Section of the 1919 Act before troops from the Indian establishment were made to serve overseas. I believe that it has been established in this book that, even with the suspension of this Section of the Act of 1919, and with the added assurance that, when troops from the Indian establishment went beyond our territorial frontiers, their costs were stated to have been borne by His Majesty's Government, but that there was no means of ascertaining the point as to what extent monies were actually paid to India from the British treasury, to make possible these Imperial adventures of His Majesty's Government from time to time.

Part X of the Government of India Act of 1919, dealing with the ecclesiastical establishment chargeable to Indian revenues, was a constant reminder to us in this country of the fact that considerable sums of money were spent upon

the maintenance of a Christian Church, both the Established and the Non-conforming Church, *e.g.*, the Anglican, the Roman Catholic and the Presbyterian, specifically for the purpose of looking after the spiritual needs of the British element of the Army in India. It would be futile for us to attempt to build up the costs of this item of expenditure chargeable to Indian revenues, but it must be remembered that the Bishops and the lesser clergy do certainly batten upon the revenues of this country through their ministrations primarily to the needs of the British element of the Army in India, the British element in the Civil Services, and the British civilian community. One could very well understand the point that Chaplains attached to British Units on active service must be paid out of Indian revenues, but he really cannot understand how the salaries and allowances of the Metropolitan in India, the Bishops, the Deacons, *etc.*, could be made chargeable upon the revenues of this country. In item 4 of the Federal Legislative List in the Seventh Schedule of the Constitution Act of 1935 are mentioned ecclesiastical affairs, including European cemeteries. From the viewpoint of the proportion of this expenditure on the Ecclesiastical establishment of the Government of India to the general Defence budget, these amounts might look small, but the principle involved is something which is really very important, the reason being that the Government of India profess that they have no established religion in this country!

At the time of the Cripps' Negotiations, when India was offered the Defence portfolio in a reconstituted Executive Council, Pandit Jawaharlal Nehru rejected it by retorting that he would not like to be a Minister for Canteens! There is a lot of force and point in this trite statement of Pandit Nehru, and an examination of the Constitution Act of 1935 thus becomes illuminating.

Items 1 and 2 of the Seventh Schedule of the Constitution Act of 1935 include in the Federal Legislative list the following items: "His Majesty's naval, military and air forces borne on the Indian establishment, and any other armed force raised in India by the Crown, not being forces raised for employment in Indian States or military or armed police maintained by Provincial Governments; any armed forces which are not forces of His Majesty, but are attached to or operating with any of His Majesty's naval, military or air forces borne on the Indian establishment; central intelligence bureau; preventive detention in British India for reasons of State connected with defence, external affairs,

or the discharge of the functions of the Crown in its relations with Indian States ; naval, military and air force works ; local self-government in cantonment areas (not being cantonment areas of any Indian State troops), the regulation of house accommodation in such areas, and, within British India, the delimitation of such areas." Items 29 and 30 of the Federal Legislative List include jurisdiction by the Federal Legislature over arms, fire arms, ammunition and explosives.

These are provisions relating to jurisdiction by the Federal Legislature, but Section 11 of the Act states very clearly as follows : "The functions of the Governor-General with respect to defence and ecclesiastical affairs and with respect to external affairs, except the relations between the Federation and any part of His Majesty's dominions, shall be exercised by him in his discretion, and his functions in or his relation to the tribal areas shall be similarly exercised. To assist him in the exercise of those functions, the Governor-General may appoint counsellors, not exceeding three in number, whose salaries and conditions of service may be such as may be prescribed by His Majesty in Council". Under Section 33 of the Act, dealing with the procedure in financial matters, Defence expenditure chargeable to the revenues of the Federation was one of the special responsibilities of the Governor-General in his discretion, and the following was one of the many items brought together under his personal responsibility: "Expenditure for the purpose of the discharge by the Governor-General of his functions with respect to defence and ecclesiastical affairs, his functions with respect to external affairs, in so far as he is by or under this Act required in the exercise thereof to act in his discretion, his functions in or in relation to tribal areas, and his functions in relation to the administration of any territory in the direction and control of which he is under this Act required to act in his discretion: provided the sum so charged in any year in respect of expenditure on ecclesiastical affairs shall not exceed forty-two lakhs of rupees, exclusive of pension charges."

Section 34 states in relation to Defence matters that "so much of the estimates of expenditure as relates to the expenditure charged upon the revenues of the Federation shall not be submitted to the vote of the Legislature, but nothing in this sub-section shall be construed as preventing the discussion in either Chamber of the Legislature of any of those estimates." In addition, Sections 232 to 239 of

the Act laid down the law relating to the Defence Services, including the pay and allowance of the Commander-in-Chief, control by His Majesty of Defence appointments, eligibility for commissions in Indian Forces, control of the Secretary of State in respect of conditions of service, rights of appeal, pay, allowances and pensions of these services chargeable to the Federal revenues, provisions relating to certain civilian personnel, *etc.* In particular, Section 239 says that in regard to appointment of officers to His Majesty's Army, "the same provision as heretofore, or equal provision, shall be made for the appointment of sons of persons who have served in India in the military or civil service of the Crown,"—which is exactly a reproduction of the related provision in the Act of 1919. It is, however, said that in this Section "the reference to persons who have served in India in the military or civil service of the Crown includes persons who have so served in Burma or in Aden before their respective separations from India".

I have analysed the provisions of the Constitution Act of 1935 in the full knowledge that they have fallen into disuse owing to non-inauguration, so far, of Federation, and that we have still to go through the gamut of a revision of Indo-British relations on the basis of a National Government formed by a Constituent Assembly of the people of India, which, in its turn, is to supply the criteria on which the Indo-British Treaty is to be formulated, for which the Pethick-Lawrence Mission is stated to have come to us. I have done so for the reason that it is essential to any student of Defence organisation and expenditure in this country to remember that there was hardly any difference between the procedure of the Act of 1919 and that of 1935.

The Federal Legislative List pompously catalogues the items within the competence of the Federal Legislature, but the main sections of the Act make Defence, ecclesiastical affairs and foreign relations subjects reserved within the personal discretion of the Governor-General, and provides for the appointment of Advisers to the Governor-General in respect of each of these questions. At a time when constitutional and political discussions are afoot, it is highly impolitic to speculate about the future, but it is clear that any reconstruction of the Centre (leaving aside for the moment the reconstitution of the Executive Council of the Governor-General under the 1919 set-up, which has been postulated to be a first step in the Wavell Plan), must provide for the creation of a portfolio of Defence entrusted to an elected

the Army Headquarters, in charge of what was euphemistically called the out-post of the Finance Department Secretariat, and known as the Military Finance Branch. This officer has the style of Financial Adviser, Military Finance, with a considerable staff of his own. The Financial Adviser acts in a dual capacity. "He represents the Finance Department at Army Headquarters, and is also expert Financial Adviser to the Commander-in-Chief and his Staff officers in all matters of military finance and expenditure. His main functions are to prevent irregularities in expenditure and to ensure that financial principles are duly observed: and, on the other hand, to assist the Commander-in-Chief and his staff in the financial administration of the Army Services, in promoting economy in military expenditure, and to prepare for Army Headquarters and the Army Department budget and other estimates. It is his duty to scrutinise, with reference to financial principles and in the interest of public economy, all proposals involving military expenditure; to advise whether they should be accepted; and to ensure that the sanction of Government or of the Secretary of State, as the case may be, is obtained when such sanction is ordained under the rules. He is a member of the Military Council and is, among other things, to use the words of the Esher Committee, a colleague of the Military heads of branches, and not a hostile critic. The services of the Financial Adviser and his staff are available to officers of Army Headquarters for direct informal assistance in the preparation of cases."*

This official account of the organisation of the military finance branch of the Army Headquarters in peace-time, particularly in the inter-war period, is itself enough testimony to the point that, as far as military or Defence expenditure was concerned, the Army Department functioned as an *imperium in imperio*, in relation to the framework of the Government of India. Under the Montagu-Chelmsford Reforms, budgetary statements of the Government of India were religiously submitted to the Central Legislature. These budget statements, including the Defence estimates, were presented by the Finance Member, and the Defence portion of the general budget was, and is today even, non-votable. Normally, the Commander-in-Chief was a Member of the Council of State, and the Army (now Defence) Secretary a Member of the Central Legislative Assembly. In recent years, the Deputy Commander-in-Chief, a post newly created in this country in the light of the requirements of the Second World War,

* *The Army in India and its Evolution*, p. 188.

sits in the Upper House, with the Defence Secretary functioning as the spokesman of the General Headquarters and of the Commander-in-Chief. I have known occasions when the Commander-in-Chief was present in the Lower House also, to explain radical changes in Army policy.

During the inter-war period, as has been copiously indicated elsewhere in this book, the Central Legislature assailed questions of policy relating to the Defence Services, e.g., Indianisation and, as far as the rules of the Legislature permitted, also discussed Defence expenditure. Since, however, estimates of Defence expenditure were and are today non-votable, it cannot, by any stretch of imagination, be said that, simply because the Central Legislature votes on the Budgets of the Government of India, it also votes on the Defence expenditure estimates of the Army Headquarters. During the *Swarajist* period of the Central Legislature, when the late Pandit Motilal Nehru was the Leader of the Opposition, and during the period 1934-45 when Mr. Bhulabhai Desai held a similar position, the Budgets of the Government of India were, almost with religious formality, thrown out in successive years, but every time the Governor-General certified them as being necessary in public interest. This pledge of the people was not, however, renewed in 1946. Even when the certified finance bills were thrown out, the Governor-General promulgated them as being the financial law of the land for the years concerned.

Having sat in the Press Gallery of the Central Legislative Assembly for a continuous period of ten years, I can state that the most compelling portion of the criticisms levelled by the legislators against the Governor-General was in relation to the enormous incidence of Defence expenditure, which had the effect of preventing nation-building activities. Indianisation was also an important plank in the programme of the legislators, to bring to bear upon the Government the need for converting the existing Army of Occupation into a People's Army completely manned and officered by Indians themselves. This gigantic struggle has been going on during the past quarter of a century, and still continues to go on, until such a day when political freedom for India makes it possible for the effective control of Military organisation and Defence expenditure by the people's spokesmen. When this much-coveted moment comes I cannot say, but it can be said, without the least fear of contradiction, that the trappings of the Legislature and the Finance Department, which are stated to have existed in our midst for decades

together make scrutiny and control of Defence expenditure possible, are all baubles without importance to the people of this country. The existence of a Financial Adviser, Military Finance, an officer without Finance Department Secretariat of the Government of India in the Army Headquarters, is certainly no guarantee that Army expenditure has been or is being drawn up from day to day, and from year to year, in accordance with the first principles of the public finance and the public weal in this country. As the official document quoted above clearly stated, the Financial Adviser in the Army Headquarters had never been a hostile critic of the Commander-in-Chief, for he was never intended to be one.

This liaison between the Army Headquarters and the Finance Department Secretariat was and is being maintained intact. But this does not mean that the Finance Department of the Government of India had or has any control over the budgeting and expenditure of the Defence Services under the Montagu-Chelmsford Constitution. The Public Accounts Committee and the Standing Finance Committee of the Central Legislature had also been with us these twenty-five years, but even in connection with their functions the impression becomes irresistible (and this impression is based upon a decade of my personal application to constitutional forms and facts relating to the Central Legislature) that Defence estimates were never effectively tackled even from the remotest angle.

It is difficult to prognosticate into the future and to state clearly when the elected representatives of the people of India, with a Sovereign Parliament and with a National Government, would be able to lay down the cardinal bases of Defence expenditure and wield sovereign control over it. The demand for the creation of an Estimates Committee of the Central Legislature, on the model of that of the British Parliament, had been raised in India during the past ten years. Such an Estimates Committee is bound to come when India becomes free, and until then the egregious farce of the planting of an officer of the Finance Department Secretariat of the Government of India in the Army Headquarters would continue. As long as this procedure continues, it is futile to talk of scrutiny and control of Defence expenditure, either by the Finance Department, the Auditor-General, or the Central Legislature and its Public Accounts and Standing Finance Committees.

The above account clearly shows that under the existing dispensation, and despite the technicalities of the rules governing Army budgeting, it cannot be said that even the Finance Department of the Government of India has any effective say about the size and character of the Defence Budget, leave alone the question of control on the part by the Legislature of these vital matters, without which no national Parliament can be called sovereign.

Under the arrangements for a sovereign people's Constitution, it is clear that an Indian Defence Minister would have jurisdiction and control over the Commander-in-Chief and the General Headquarters of the present day, barring, of course, operational matters, as a matter of principle. He would certainly have the initial responsibility for the drafting of the Defence Budget, as any other Member of Government who is initially responsible for the budget of his Department. It is, however, the Finance Department of the future Government of India which must continue to function not only as the Horn of Copernicus, doling out monies to every spending Department, including the Defence Department, and also as the watch-dog of the manner in which monies thus allotted are expended. I look forward to the time when the Auditor-General of India functions as the ultimate custodian of the public fisc in the realm of expenditure, including Defence expenditure. At the moment it cannot be said that the Auditor-General, India, is functioning in this manner, and it is just as well that the scrutiny and control of the Finance Department and the Auditor-General are strongly provided for in the future Constitution of the country, so that Defence expenditure does not assume the aspect of a runaway horse. The future Parliament of India must have complete and unfettered discretion to lay down Army policy and the dimensions of its expenditure. Even when operational questions come under a cloud, it must have the opportunity, perhaps in a secret session, to examine the highest military officers, and obtain satisfaction on the point that the Army and its officers are discharging their duties as the servants of the people. There cannot be any compromise in regard to this issue by the future sovereign National Government of this country.

It is difficult at the present fluid state of our national life to lay down the dimensions of a People's Army for the country in the fulness of time. For one thing, it is not as clear whether we will have a Unitary State, a Federation

or a Confederation. For another, whatever might be the type of Constitution which is in store for us, it is not clear whether the Armies of the Indian States, including the non-descript and medieval type of retainers and match-lock men, which may be anything between 500,000 to 800,000 (these are only estimates), would consent to merge into the future People's Army of India. That is to say, whether the Indian Princes, apart from retaining groups of armed people for the sake of the maintenance of their personal status and prestige, would consent to hand over to the control of one single Commander-in-Chief, one single Defence Member and one single Parliament for the country as a whole, whatever in recent times have come to be called the Indian States Forces. This is a constitutional-political question which need not be pursued at any great length, for the reason that the Constitution of India is still to be forged on the anvil of the people's will, which is not only to supervene that of the foreign master operating from London, but also the wills of the individual despotisms represented by Indian States.

What should be the size and composition of the future People's Army of this country? The answer to this question becomes very difficult indeed, the most important reason being that no one can project his mind, in this Atom Bomb Age, into the future, and indicate the size and armament of individual national armies of the various countries of the world. Perhaps, the atom bomb itself might lead to the eventual abolition of all standing armies, the reason, again, being that before the atom bomb standing national armies have no meaning at all. Perhaps it is better that this philosophical approach to the future of international warfare is stopped for the moment, and we take up the threads of discussion so far pursued in the preceding pages, to lay down the limits of a future People's Army for India.

During the inter-war period, the average standing army of India was composed of 150,000 Indians and under 50,000 Britishers. In addition, as I have said earlier, the availability of the so-called Indian States Forces and the retainers maintained by each individual Prince, was always a factor of importance to any discussion of India's armed forces and Defence expenditure. I should say that something like 400,000 to 500,000 was about the effective strength of all the armed forces available in the Indian Provinces and Indian States during the inter-war period. If we accept this as a basis of approach to the future, the question arises, would half a million Standing Army, completely

that matter the *Balilla* and the *Piccolo Italiana*, the boy and girl toysoldiers of Mussolini, who, nursed in the school of militarism, ultimately led to the downfall of the Fascist Empire of Rome. I am only remembering at the moment the need for the proper training and discipline of the young people of this country, in order that draft after draft of people's soldiers, fired by the highest principles of patriotism and reared in the school of stern discipline, comes forward to do service by the country, and to uphold India's honour in any conceivable *regime* of world politics into which we would, willy-nilly, be asked to fit ourselves in the future. This is my conception of a People's Army, an Army drawn from the best elements, both in respect of brain and brawn, and pledged to the fulfilment of the tasks which are to be assigned to them, in a manner worthy of the loftiest traditions of chivalry and patriotism which the annals of India, both in the Hindu and Muslim periods, had given to us as the imperishable heritage of a people, whose possibilities for future greatness have not been quenched even after two hundred years of British contact with and domination over us. This is a conception which no Indian, even a *Pakistani*, would dare to spurn and throw away easily. This is a conception which, above all things, alone can guarantee to us a place under the sun, a place of honour backed by national sanctions, and which would not be easily pooh-poohed at international conclaves and by fully sovereign countries, which have similar People's Armies and are fired by similar patriotic motives.

It is a trifle more difficult to estimate the probable costs of a People's Army of half a million, including all the three Arms of the Defence Services, which we postulate for the future as the Standing Army of the country. For one thing, the existing prices structure is something which does not permit of any comparable prognostications into the future. For another, in these days of the atom bomb, when costs of modern weapons of warfare are unpredictable and change from time to time, almost from day to day, it is equally foolhardy to venture into estimates of what the future People's Army of India is likely to cost. In addition, as I have said earlier, we do not know whether this country would have a Unitary, Federal or Confederal form of Government, making it impossible for any student of Army affairs and Defence expenditure to arrive at comparable estimates on this vital question. Still, taking in hand two fundamental assumptions, viz. that the country would remain one, without dismemberment, and with the Indian States brought into the picture of Army organisation, under one single Command, and that this one single Command, enveloping also Indian States, would be at the disposal of the Centre,

general picture of India's probable expenditure on a People's Army might be sketched as tentatively as possible.

Taking the inter-war period as a norm for our approach to this question, it will be seen that a Rs. 50 crore budget for Defence was then the fashion of the day. I do not think that we can accept the figures of the recent war-time budgets as a basis of approach to the future. For example, in 1939-40 and 1946-47, the normal peace budget, as it was called, was shown as Rs. 36.77 crores, and to that were added the effect of prices, India's war measures and non-effective charges, bringing the Defence budgets for these two years to 47.22 crores and 243.77 crores respectively. The fact of the matter is that the normal peace budget of the inter-war period was never a mere Rs. 36.77 crores. As we have seen in Chapter III, the splitting up of the budget into Revenue and Capital portions has led to this unhelpful and deceptive method of approach to India's Defence expenditure problems. If, however, we take Rs. 50 crores as the actual normal Defence expenditure per year on the basis of the inter-war period estimates, we are likely to come out of the wood and possibly arrive at some sort of an idea, whose validity might be proved by the march of events in the future, when India becomes free.

If Rs. 50 crores a year are taken as our basis of approach, it must be readily seen that half of this amount must ultimately drop off as the equivalent of what we paid every year for the upkeep of the Occupation Army in our midst. I have shown earlier in this book that a British soldier costs as much as three or four times the cost of an Indian Sepoy*, and that, out of a total Standing Army of roughly 200,000

* I say this even as against the caveat put in by Mr. Philip Mason, War Secretary, in the Central Assembly on March 5, 1946, Mr. Mason rejected Mr. Asaf Ali's suggestion that the British troops cost four times as much as Indian troops, but admitted that taken as individuals the British soldier cost two-and-a-half times as much as the Indian, but the cost of equipment—a very important item—was the same. Thus, while a British tank regiment might cost Rs. 50,00,000, an Indian tank regiment cost Rs. 35,00,000. He then hazarded the view that, if by some miracle the British and Indian elements of the Army in India were separated, the saving would be some Rs. 20 crores out of a total budget of Rs. 244 crores in 1946-47.

I must emphasise the point that Mr. Mason's reasoning is too silly for words. The gross budget figures cannot be related to the savings stated to be possible, for they have no bearing on our normal Defence expenditure on the combined British and Indian personnel.

persons in the inter-war period, a fourth were British personnel. If we eliminate the British element of the Army in India, taking personnel alone, we would readily halve this budget of Rs. 50 crores. If we take into consideration the relevant indices for a similar elimination of the British element in the Defence forces, including officers and men, in all the three services (the assurance being that this elimination would save us more money in the case of the Royal Indian Navy and the Royal Indian Air Force, than in the case of the Land Army), it is clear that this estimate of Rs. 25 crores a year would be further reduced, possibly to Rs. 15 or Rs. 18 crores a year, on the prices-basis of the inter-war period. But this is an estimate based upon our experience gathered in the inter-war period and, naturally, must be deceptive for purposes of comparison.

It must, however, be remembered that once the British officer cadre is removed completely from our midst, the pay and allowances paid to Indian officers, which even on the showing of the late Sir Krishna G. Gupta, in his minute of dissent to the Esher Committee Report a quarter of a century ago, would be lowered, because there would be no need for Indian officers to compare their own position and emoluments with those of their British compeers. In any case, the need for adopting western standards of living and modes of habit and expenditure would be completely removed. I remember travelling in 1933 on the Japanese ship, the *Buenos Aires Maru*, when the Chief Wireless Officer of this 20,000-ton liner told me that he had accepted a salary of Rs. 70, and, without mourning, remarked that, even though he knew he would have obtained possibly Rs. 1,700 per month if he were on a British or any other European liner (assuming for a moment that he was a national of the country concerned), he gladly accepted this pittance for the sake of his country and his Emperor! I am sure that, in the light of the experience gained by men and women in the Indian National Army, the future People's Army would be officered by patriots who, besides certainly taking to the Defence Services as a career, would not forget the budgetary needs or financial possibilities of the country, and accept salaries and allowances in keeping with our national standards of life and living. Indeed, when an Army is neither conscripted, nor is a Mercenary Army, but is drawn from the people, motivated by the highest sentiments of loyalty to the country, the costs are bound to be vastly less than what they are in the case of our existing Occupation and Mercenary Armies, which are, in addition, based on Western standards

of life and living, and which have no comparable points with India.

I have said earlier that, on the basis of this calculation we can reduce our Rs. 50 crores pre-war stabilised budget by more than half. It would naturally be argued that, even compared to the pre-war standards and even after the entire British element is removed, the Standing Army of the future would have to be doubled as regards strength and possible expenditure. This argument is valid only to a partial extent. In our stabilised budget of the inter-war period we did not reckon with what the Indian States were spending from year to year, towards the maintenance of the Indian States Forces and other ancillary services which were retained by them, not only for the contribution they were expected to make towards the upkeep of the British Power in India in war and peace, but also for the maintenance of the prerogatives of these modern equivalents of medieval despotisms. In the future, we cannot conceive of the Indian States as bits of territory in which the personal whims of the rulers predominate. Actually, we visualise a future for this country, in which Indian States merge into a common polity for the country as a whole, Unitary, Federal or Confederal, and in which the Princes of the existing Indian States and the peoples of Indian Provinces would share each other's burdens and responsibilities.

Actually, again, if the expenditure of Indian States were clubbed together with our stabilised defence budgets of the inter-war period, our figure would have jumped up to possibly Rs. 70 crores a year. The future Standing Army of the country must include contingents drawn from all the Indian States, alongside those of the Indian Provinces of the present day, and, on a rough computation, out of the half a million Army of the future a third must come from these Indian States. With the result, that even if our future People's Army is to be maintained, on a basis which works out roughly at more than double the cost of the Indian Army personnel of the inter-war period, it is clear that, assuming in the future, a Defence budget of between Rs. 25 to Rs. 30 crores (on the condition that prices are stabilised on a low basis in the future) would be more than sufficient for the maintenance of our Defence Services, which are capable of ensuring internal security and a reasonable change of standing attacks from without.

I must warn the reader that I have not made provision in these estimates for what a future war with a menacing Empire might cost us. In fact, I have not made provision for expenditure which might possibly be involved by a race in armaments between competing Imperialisms of today or tomorrow. Actually, if the Anglo-Americans are to pursue their mad quest for finding ways and means for the destruction of the Soviets in the future, involving, in the process, a perfection of atomic research and the consequential expenditure on the production of armaments and weapons of destruction required for global wars, all these yardsticks for the measurement of expenditure on a future People's Army in this country would necessarily become unreliable. But I am sure the reader has now arrived at the conclusion that the incorporation of contingents from Indian States in the three Services of our future People's Army, and its maintenance at levels which are double or treble those of the inter-war period, our costs, on the above showing, would have been nearly halved. In addition, there is the assurance that what the Indian Provinces alone have so far been paying would also be shared by the Indian States, with the result that the incidence of Defence expenditure would have been lessened.

Elsewhere in this book, I have shown that the gross *per capita* expenditure oscillated to anything between Rs. 1½ to Rs. 18 per head of population in peace and war. Assuming that the propositions so far made are reasonably correct as an approach to the future, we can arrive at a Defence budget for a People's Army of half a million, including the three Defence Services, at a cost of much less than one rupee per head of population. India's population on the present rate of progression may, as argued earlier, be 500,000,000 inside of the next quarter of a century. If this is the target in front of us, then Defence expenditure would cost us anything between 8 annas to 12 annas per head of population in the future. But I must caution the reader that these estimates and figures are only fingerposts intended to bring into perspective what it is likely to cost to us presently. In fact, I have not drawn up a Defence budget for a People's Army of the future, because it is not my intention to draw up such a budget in the face of so many unpredictable factors, both in the national and international spheres, including the inevitable enormous changes in the science and art of warfare.

Freedom for India would become meaningless if we, as a people, are unable to maintain an Army, a Navy and an Air

Force which are capable of defending us with all their might, and under any conceivable circumstances in the future. Freedom for India would be paid for very dearly indeed, both spiritually and in terms of hard cash. Freedom for India, when once the Occupation Army and the rice-soldiers are completely eliminated from our midst, would cost us infinitely less than what the existing Defence Services have been paid for from out of Indian revenues by a Government, which derives its inspiration from considerations of Imperial necessity and is directed from London. Even assuming that the march of military strategy and armaments costs become unconscionably heavy in the future, I have not the slightest doubt that India is ready to pay without murmur any costs which are involved in such developments.* Whether this is 8 annas or 12 annas or Re. 1 or Rs. 2 per head of population, patriotic Indians would not quail while paying for the upkeep of such a People's Army.

Even from the points of view of whether a Rs. 30 crores or Rs. 40 crores Defence Budget would compare favourably or unfavourably with similar budgets in the past, incidentally also

*On the eve of the Pethick-Lawrence Mission's arrival in India, the Commander-in-Chief, India, was conducting negotiations in London on the future defence of this country, and his statements are incorporated in the Appendices to this book.

At about the same, Pandit H. N. Kunzru tabled the following resolution in the Council of State, and this resolution, even of an Indian Liberal, fully indicates the temper of the people :

"As India is on the threshold of freedom and a free India will require a National Army to defend her, this Council recommends to the Governor-General-in-Council that a time limit should be laid down for the nationalisation of the Indian army, bearing in mind the example of those countries which in recent times have built up national defence organisations in a short time, so that the psychological atmosphere essential to the rapid formation of a national army may be created and the maximum effort may be made to achieve the purpose in view. This Council further recommends that

(a) the appointment of British officers in the grade of lieutenant or captain in the Indian Army should be stopped,

(b) the Viceroy's Comissioned Officers should be retained for the present,

(c) deserving Indian officers should be given accelerated promotion to increase the number of Indian officers required to fill the higher grades, and

(d) the methods followed by other independent countries to create a national army in a few years should be adopted with suitable modifications, with a view to the nationalisation of the Indian Army in ten years."

with the total expenditure of the Government of the country as a whole, India would gladly pay for a People's Army. Because there is the assurance that the Defence Services would be only a People's Army pledged to the protection of the rights and liberties of the community and the country, no sacrifice would be too great or too onerous for us to struggle for the creation and maintenance of such a truly democratic and national Army, whatever the future shape of our Constitution might be. A People's Army which is not the exclusive preserve of any one single community, but which is drawn from all strata of the people, would be an Army which is manned and led by individuals pledged to protect the liberties of the country, and at a cost which would be nothing compared to that of the foreign Janissaries who, in the light of the experience of History, could only constitute an engine of oppression and the agents of an Imperialism which would struggle to the last ditch, to retain its hold upon the suppressed peoples of the world. A People's Army, whatever its costs, is the only guarantee that India would obtain freedom, and retain it unsullied for all time.

APPENDIX I

ARMY POLICY IN INDIA

The following is the text of the statement made in London, on March 20, 1946, by General, Sir Claude Auchinleck, Commander-in-Chief, India, as reported by *Reuter* in the Indian papers:

The strength of the three Indian fighting services—the Indian Army, Indian Navy and Indian Air Force—when present plans for demobilization have been carried out, should be adequate to fulfil the local defence commitments of a self-governing India.

Gen. Auchinleck outlined the plans and hopes for the future of the Indian armed forces, in relation to recent developments in India, as three-fold:

- (1) Expansion of the Indian Navy by acquisition from the British Government of three six-inch gun cruisers.
- (2) Development of the Indian Air Force into a balanced unit, with fighter, bomber and transport aircraft on the most modern lines.
- (3) Progressive Indianization of the officer cadres of the three services up to the highest levels.

“While the exact role to be played by these three services will be determined by the future Government of India, whatever form it may take, the present Government is carrying out plans for providing India with well-disciplined, compact defence forces, armed and equipped with the very latest weapons and facilities.” Gen. Auchinleck said: “In other words, the armed forces which will be available to any new form of Government in India will, it is hoped, be comparable in efficiency and equipment with those of any other military power in the world.”

Gen. Auchinleck went into details concerning plans for the individual fighting services. “So far as the Indian Navy is concerned,” he said, “it is hoped to make a start within the near future in building up a balanced force. The first step will be, it is hoped, acquisition from the Royal Navy

of three six-inch gun cruisers, and it is anticipated that the first of these will be available by 1947.

"It is possible at a later stage that capital ships will be acquired by the Indian Navy, but the process of expansion necessarily cannot be accomplished overnight, for officers and men have to be trained in the handling of heavy ships. At the moment, the personnel of the Indian Navy have had experience in handling vessels only up to the size of sloops and corvettes".

Things were a little different with the Indian Air Force, he said. "The Indian Air Force has the strength of 10 squadrons at the moment compared with one squadron before the war. The policy is that it shall expand as quickly as officers and men can be trained. The ultimate target in the shortest possible time—and I emphasize that this is dictated only by the period needed to train and equip proper personnel—in the India of the future—as in matters of land and sea-defence—shall be self-contained as regards air defence. The Indian Air Force should therefore be comparable with any other. It is designed to make it a balanced force with fighter, bomber and transport aircraft."

Turning to the Indian Army, Gen. Auchinleck praised it for its magnificent achievements in almost every theatre of the recent war. "A great change that has taken place in the Indian Army since the pre-war days is the large force of artillery manned by Indian gunners, that has been built up together with complete mechanization of the Cavalry regiments," he said.

"To a great extent the Indian Army represents the kind of well-balanced force that is to be built round the existing Indian Navy and Air Force. Today the Indian Army is fully mechanized, with the exception of Mountain Batteries which cannot be modernized in the way of transportation. Indian troops are highly efficient in tank and armoured car warfare, and they have no equal in mountain fighting," he proceeded.

The Commander-in-Chief emphasized that when demobilization had been completed in the Indian armed forces, the balance remaining should be adequate to meet all local commitments of an autonomous India. He added: "In the present state of the world, with weapons developed in such a high scientific degree, no country, however powerful, can afford to stand alone in the wider sphere of defence."

Returning to the Defence of India's local frontiers, Gen. Auchinleck added: "It is erroneous to imagine that British troops are necessary for the defence of the frontiers of India, and it is not to be thought that the Indian armed forces are incapable of guarding and defending their local frontiers. While admitting this theory, and while admitting also that a new Government in India might have different plans, the fact must be recognized that India will not be able to stand alone in the world—in fact, no country can afford to isolate itself completely from the rest of the world. Whatever constitutional changes take place, the retention of British troops would be a matter for agreement between the future Government of India and the British Government."

Gen. Auchinleck said that comparable with the development of the fighting services, Indianization of officer cadres of those services, particularly at the highest levels, could not be accomplished overnight.

"While I cannot set any time-limit for this process, every effort is being made to achieve that object," said Gen. Auchinleck. "A concrete example of the determination to fulfil this pledge is the decision to set up an officer's training establishment, on the lines of the American Military Academy at West Point. This will train Indian army, navy and air force cadets numbering about 2,500, by means of a four-year course, and when the first passing out parade is over a great step towards the object will have been taken.

"Another instance of the implementation of the plan to Indianize the fighting services, up to the highest levels, is illustrated by the fact that an Indian Brigadier is in command of the troops sent to garrison Japan, while senior Indian officers are in active commands and holding high staff appointments."

APPENDIX II

APPEAL TO INDIAN FORCES

The following is the text of the message broadcast through the All-India Radio, on March 27, 1946, by General Sir Claude Auchinleck, Commander-in-Chief, India:

"In the critical period through which we are now about to pass, the Indian Army requires clear and positive guidance. Here it is:

"The duties of an army are :—

- (a) To repel an aggressor;
- (b) To help to keep the peace within its own boundaries.

"The first of these duties has already been done, and we hope it will not have to be done again for a long time. The magnificent divisions of the Indian Army are world-renowned. The Indian soldier will go down to posterity as among the finest fighting soldiers of the world.

"What is the situation with regard to the second of these duties ?

"The great event of India's history is about to take place, viz., the transfer of power from Britain to India. It must be a peaceful transfer, with the least possible dislocation.

"The object of the British is to hand over a peaceful India. The object of the Indians is to take over a peaceful India. The nationalists of India, who have worked so long and hard for the independence of their country, cannot desire it in any other way, otherwise they will run the risk of failing to reap the reward of their efforts, which is a free India, strong and able to stand on its own feet.

"Unfortunately, there are however, in India certain disruptive forces. They are certain to be at a time like this. There may therefore be trouble. If so, it is the duty of the police to deal with it. If, however, the police cannot deal with it, then the army will be called on to help.

"If, however, the army, through inefficiency or unreliability in the performance of its duties in the maintenance

of law and order, fails to carry out the orders of the Government in power at the time, then the internal situation may well develop into chaos. Internal chaos means suffering, misery and loss to everyone, and can only retard progress.

“In the last resort, the country depends on the army to ensure peace and order within its frontiers.

“Remember the Viceroy’s words in Calcutta in December :—

‘India has before her great opportunities, the greatest she has ever had’

“How can the Indian Army help ?

“(a) By keeping it self disciplined, efficient and calm.

“(b) By realizing that, if it does not do this, the new India will be saddled with an army unequal to its tasks of repelling an aggressor or keeping internal order.

“(c) By all Indian Officers realizing that anyone tampering with the discipline and efficiency of their great army will only (to use an Indian proverb) :—

‘Be cutting his own foot with his own mattock,’

(*Apne paon ap kulhari mat maro*)

(or to use an English proverb)

“By cutting off his nose to spite his face.”

“(d) By all British Officers of the Indian Army serving the new India, as loyally as in the past their Indian comrades have served the present India.

“In short, the Indian Army may well be the instrument which will ensure that this great period in India’s history will pass peacefully, and in a spirit of goodwill on all sides.

“Let the following points, therefore, stand out clearly :—

“Remain disciplined, efficient, and loyal to whatever Government may be in power.

“Do not cut your own foot with your own mattock.

"Do not take or connive at any action which may impair the discipline, efficiency or loyalty of the army to the Government of the day.

"Serve the new India as loyally as in the past your Indian comrades have served the present India.

"It is your duty to your country and to the army to which you belong to pass on to your Indian comrades, who are to follow you, in a spirit of unselfishness and service, all the experience and knowledge that you have gained in the past, so that they may, in their turn, serve the Indian Army as faithfully and truly as you have done.

"Thus, may the Indian Army lead the way."

APPENDIX III

NATIONALISATION OF INDIAN ARMY

Since the footnote to page 243 was printed, the Council of State (April 8, 1946) discussed Pandit H.N. Kunzru's resolution on the "nationalisation" of the Indian Army. In view of the solid official majority available to Government, the resolution was defeated by 21 votes to 12, the preponderating majority of elected members, however, voting for it.

Intervening in the debate, the War Member, General Sir Claude Auchinleck, who is also the Commander-in-Chief, made the following important statement:

"Sir, I am always glad to receive the advice of the Hon'ble Mover, and I welcome his suggestions in the spirit in which they are given, because I know it is a constructive spirit, and also because we have one and the same object. Let me state that object as I see it.

It is to create a completely national army, that is, an army officered and manned throughout by Indians, in the shortest possible space of time, without lowering the very high standard of efficiency which obtains in the Indian Army today.

The Honourable Member mentions that other countries have built up a defence organisation quickly, and I suppose the inference is that India can do the same.

Well, India is fortunate in that she already has a really efficient Army, and as this House is well aware the rank and file of that Army today is for all practical purposes 100% Indian. It is the nationalisation of the officer cadre of that Army which constitutes the problem before us today. It is the declared policy of the Government of India that the British officer element of the Indian Army shall be replaced by Indian officers as soon as possible, compatible with the maintenance of the efficiency of the Army as a whole. There is, therefore, no ground for controversy on this point.

We are concerned today with how quickly Government's declared policy can be put fully into effect.

As regards other countries and their methods, I rather doubt myself whether we can profit a great deal from their experience. Each country has its own separate and distinct problems of defence and must use its own methods, suitable to its own circumstances to solve them. I suggest that our

problem is a special one, peculiar to India, and that we should solve it in the way that suits us best. I am very ready to give all my experience and knowledge to help towards a speedy and efficient solution.

Personally, I have no doubt that India can eventually produce sufficient Indians of the right type to provide all the officers likely to be needed to lead the Armed Forces of India in the future.

The deeds and prowess in the late war of that small band of Indian regular officers, not more than 500 to 600 all told, which existed prior to 1931, has, in my opinion, proved this beyond reasonable doubt, so far as powers of leadership and technical qualifications are concerned [*sic*].

Before I go further, Sir, I wish to make one point, which I believe to be of fundamental importance.

It is this. In civilian circles it is widely believed that because an officer has proved himself a good junior leader in war—on the battlefield—that, therefore, he must of necessity make a good officer in peace. My experience goes to prove that this is a complete and dangerous fallacy. I will not enlarge here on my reasons for this opinion, but I ask you to believe me when I tell you that it is much harder to be a good officer in peace than it is in war. Every country that has an Army worthy of the name demands a much higher standard from its regular officers, who have the task of building up the efficiency of its Army in peace, than from the temporary officers it has to create to help to lead it in war. I do not think that you will find any officer of proved experience who will deny this. At least I have still to meet one.

If, therefore, we are to maintain that essential minimum of efficiency in peace to enable our Army to expand to the requisite size in war, we must have the very best regular officers, and we must keep our standard of selection at the highest possible level.

Sir, yet another point to which I would like to call attention. In war there is a great deal to be said for young leaders, possessing fire and dash, and the enthusiasm of youth.

In battle these qualities mean much. In peace, however, they require to be balanced by knowledge—not only technical knowledge which can be acquired fairly quickly perhaps by some—but by a deeper knowledge of men and things which can only come from long experience and contact with men. Without this knowledge, from which springs the power to judge men and events soberly and in the right proportion,

very few of us can become really good officers, in peace or war, certainly not in the higher ranks of the Army. That is my considered opinion; and I beg the House to give full weight to it.

Sir, the House may be interested in a few figures which I can give them.

According to my present estimate, which is necessarily only tentative for obvious reasons, it looks as if we shall need about 9,000 regular officers in the Indian Army of the future. We hope to get 1,000 regular officers from the 3,000 or so Indian Emergency Commissioned Officers who have applied for regular commissions. There will be about 3,000 pre-war regular officers, British and Indian, left in the Army.

We are about to set up a special class of officer recruited from Viceroy's Commissioned officers and Indian Warrant and Non-commissioned officers of long service, to fill certain specialised appointments in units.

We expect that the total number of officers—all Indian of course—in this class will be about 1,000 in the whole army.

We hope to get by April next year about 100 young regular Indian officers, from the new post-war courses now in progress at the Indian Military Academy. These assets give us a total of about 5,100 officers of all ranks, British and Indian, against our estimated future needs of over 9,000. We have, therefore, to find over 4,000 more officers somewhere.

Unless we lower the standard of selection, to a point which I am quite sure it would be wrong to accept, we shall get no more officers from amongst the Indian Emergency Commissioned Officers who came forward in such numbers in the late war. They cannot be compelled to apply for regular commissions, if they do not wish to make the Army their career.

As I have said, we have taken about one third of those who have applied, which is a high percentage, and incidentally about the same as has been accepted by the British Army, using the same methods and standards as ourselves.

To make up this deficit, we must depend mainly on Indian candidates who volunteer for regular cadetships at our Military Academy.

Even if sufficient candidates of the requisite qualifications came forward, we could not accept them all at once, because this would completely upset the age and service balance of the officer cadre, which has to be most carefully regulated, not only in the interests of efficiency, but also in

the interest of the officer himself. Moreover, it would be quite impossible to produce the facilities to train such a large number of cadets simultaneously. We are, however, doing all we possibly can to induce youths of the right stamp to come forward, and I must stress that it is essential we should insist that they are of the right stamp. Those who are accepted will enter the Indian Military Academy at Dehra Dun, which has just re-commenced to train Indian officers for the regular army.

For the first course we offered 300 vacancies, had 1,236 applicants, of which 126 were found suitable.

The figures for the second course, which begins in May, are : required 300 ; applied, so far, about 900.

Sir, I think the House will agree that these figures are not too encouraging, but I am optimistic myself and regard the present shortage of suitable candidates as temporary only. I hope I am right.

When the new National War Academy gets into its stride, we hope it will produce 500 or 600 officers annually for all three services, of which the Army will get the majority, but this cannot be for some years to come as the Academy has yet to be built.

Meanwhile, we must have recourse to temporary expedients.

The first of these is the secondment of British officers from the British Army to fill the gap, until there are enough Indian officers, sufficiently trained and experienced to take over from them. The House is, I think, already fully aware of this proposal, and also that no more British officers are to be appointed permanently to the Indian Army; they will in future to be attached only for a short specified tour of service.

This does not, of course, refer to the existing regular British officers of the Indian Army, who belong to it permanently.

The second expedient is the retention in the service of Emergency Commissioned officers, British and Indian, who, though they do not wish to apply for regular commissions, may be willing to extend their service for a year or two.

The third expedient is the granting of a number of Short Service Commissions to Indians already serving in one grade or another. These commissions would be for five or three years according to the age of the applicant. We hope we may get some 2,000 short service officers by this means, which will help to tide over the period until the National War Academy gets into its full stride.

Now, Sir, I have stated our problem as briefly and

clearly as I can, and I think the House will agree that it is not a simple one, assuming, as I do, that they are determined to maintain a high standard of efficiency in the officer cadre when it is fully nationalised.

Sir, the Honourable Mover has asked that the appointment of British officers in the grade of Captain or Lieutenant be stopped. I have said that no more British officers are to be appointed to the Indian Army. It is my intention that the grades of Captain and Lieutenant shall be filled by Indians as soon as a sufficient number of suitable candidates are forthcoming. The achievement of this object depends entirely on the coming forward of suitable Indian candidates for regular or short service commissions.

At present, as I have explained, there is a definite lack of suitable candidates. Meanwhile, I should be quite wrong to say that no more British Captains and Lieutenants will be *attached* to the Indian Army, as, in present conditions, any such restriction seriously affects the efficiency of the Army. I think, Sir, that this will be obvious to the House.

The honourable Mover then suggests that the Viceroy's Commissioned officers be retained for the present. I may say at once that this is the intention of the Government. If we had to replace all the Viceroy's Commissioned Officers by regularly commissioned Lieutenants, our total requirements would rise from about 9,000 to 11,000. All other considerations apart, it will be obvious from what I have already said that we cannot face, for the time being, a commitment of this size.

Then, Sir, the Honourable Mover asks that deserving Indian officers should be given accelerated promotion, to increase the numbers of Indian officers required to fill the higher grades in the Army. This is already being done, as will, I think, be apparent from a study of the number of Indian officers holding high grade appointments today, compared with the figures of, say, three years ago.

I would, however, Sir, once again ask the Honourable Mover and this House, to remember the need for knowledge and mature experience in officers holding high appointments in the Army in peace, and I beg that the pace may not be unduly hurried. I say *unduly* and I mean it, as I am sure that *undue* haste in this matter is likely eventually to retard rather than to accelerate progress. I say this in all good faith, and with no intent to hinder progress. I hope the House will accept this avowal. I may add that this matter is constantly under my close personal supervision.

Finally, Sir, the Honourable Mover suggests that the Indian Army should be nationalised in ten years from now, by which I am sure he means that by that time all British officers from the highest to the lowest shall be replaced by Indian officers.

Well, Sir, it may be possible that in some branches of the Army this target could be achieved, but I think it would be highly dangerous and most undesirable to make a categorical declaration to this effect.

It would be even more dangerous and unreal, I think, taking everything into consideration, to apply such a declaration to the whole Army.

I have tried, Sir, in the course of my speech, to set out the various factors which affect the solution of the problem, and I trust I have made it clear that there are many imponderable and unknown elements in these factors, which, in my opinion, make it impossible to specify an exact period for the achievement of the complete nationalisation of the officer cadre of the Indian Army.

I claim, Sir, that no one has the present and future interests of that Army more closely at heart than I have. I have pledged myself to give effect to the policy of complete nationalisation, as rapidly as may be possible, without impairing efficiency, and I say once more that I am applying myself to this task with no mental reservations whatsoever. I shall continue to do this, for so long as I hold my present appointment.

I am quite sure in my own mind, however, that having regard to all the factors involved, it would be wrong and unwise for me to accept the Honourable Member's proposal for complete nationalisation in ten years time, because I have no certainty that it would be possible to carry it out in the conditions explained by me.

I would, therefore, ask the Honourable Mover of the resolution to trust me to carry out my pledge to the very best of my ability, and to withdraw that part of his resolution which refers to the setting of a period for the completion of nationalisation.

I would also ask him, and all Honourable Members of this House, to do all they can to ensure an adequate flow of suitable candidates for regular commissions in all three of India's Fighting Services—not only for the Army, but for the Royal Indian Navy and the Royal Indian Air Force, as well."

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